State of Montana
2009 ANNUAL ACTION PLAN

Governor Brian Schweitzer

Investing in Montana's Communities

DEPARTMENT OF COMMERCE

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Community Development Block Grant Program

Home Investment Partnerships Program

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

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Emergency Shelter Grant Program

For the Plan Year
April 1, 2009
through
March 31, 2010

As approved by:

U.S. Department of Housing & Urban Development

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2009 ANNUAL ACTION PLAN

The Montana Department of Commerce (MDOC) is the lead agency overseeing the development of the Consolidated Plan. This Annual Action Plan is for the 12 months beginning April 1, 2009 and ending March 31, 2010 (federal fiscal year 2009). The annual plan is designed to meet the requirements set forth by the U.S. Department of Housing and Urban Development (HUD) for three formula grant programs: the Community Development Block Grant (CDBG) Program; the Home Investment Partnerships (HOME) Program; and the Emergency Shelter Grant (ESG) Program.

I. SOURCES OF FUNDS

With the MDOC as the lead agency overseeing development, numerous state and federal programs support the implementation of the state's Consolidated Plan. Interagency cooperation and coordination of state, federal, and local agencies and organizations is critical to the success of many projects. The following summaries describe programs supporting the overall implementation of Montana's Consolidated Plan with respect to affordable housing, public facilities, economic development, and homelessness.

FEDERAL RESOURCES

HUD Formula Grants

The state of Montana receives annual funding from three HUD formula grant programs:

- The CDBG Program, administered by the Community Development and Business Resources Divisions of the MDOC;
- The HOME Program, administered by the Housing Division of the MDOC; and
- The ESG Program, administered by the Human and Community Services Division of the Montana Department of Public Health and Human Services (MDPHHS).

Community Development Block Grant Program

The Community Development and Business Resources Divisions of the MDOC administer the CDBG Program. For the plan year beginning April 1, 2009, the state will receive $6,861,827 in federal CDBG funds. Of these dollars, one-third, or approximately $2.1 million, will be allocated for economic development projects, administered by the Business Resources Division (BRD). Approximately $4.3 million will be split between public facility projects ($3.2 million), housing and neighborhood renewal projects ($1 million), and planning grants (approximately $240,000, administered by the Community Development Division (CDD).

CDBG

ESTIMATED FFY 2009 Allocation

	Minimum Amount	Maximum Amount
Competitive		$ 6,861,827
Formula		
Retained for State Projects		
Non-Competitive		
State Admin of Program		$ 305,855

The CDBG Program also anticipates that an undeterminable amount of program income will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG Program income are requested to file a report showing the status of program revenues and expenditures.

HOME Investment Partnerships Program

The HOME Program, administered within the Housing Assistance Bureau of the MDOC Housing Division, will receive $4,715,298 in HUD funds for the plan year beginning April 1, 2009. In addition, the state has approximately $1 million in unallocated 2008 funds, which will be awarded in 2009. Funds will be used to develop affordable housing for low- and very low-income persons.

The American Dream Downpayment Initiative (ADDI) program was not funded for 2009.

HOME

ESTIMATED FFY 2009 Allocation

	Minimum Amount	Maximum Amount
Competitive		$ 4,190,057*
Formula		
Retained for State Project		
Non-Competitive		$ 1,178,824
State Admin of Program		$ 471,530

* Includes 2008 unallocated carryover funds of $1,125,113

Additionally, the MDOC HOME Program expects that an undetermined amount of program income will be generated from previously awarded grants. HOME grantees with an approved program income plan are allowed to retain any program income generated and use the funds for HOME-eligible activities.

Emergency Shelter Grant Program

The Intergovernmental Human Services Bureau (IHSB) of the MDPHHS will receive an estimated $400,013 for the ESG Program.

ESG

ESTIMATED FFY 2009 Allocation[1]

	Minimum Amount	Maximum Amount
Competitive		
Formula		$ 380,273
Retained for State Project		
Non-Competitive		
State Admin of Program		$ 19,740

HUD Competitive Grants

Competitive grant programs allow eligible applicants to request funding directly from HUD by submitting an application. Each year, HUD's SuperNOFA (Super Notice of Funding Availability) process makes competitive funds available for the selection of proposals submitted by government agencies and nonprofits. These proposals address special projects of national significance and long-term projects in areas that are not eligible for formula allocations.

Continuum of Care (CoC)

Continuum of Care competitive grants provide permanent and transitional housing and limited supportive services to homeless persons. For FFY 2008, Montana submitted an application requesting $2,156,372 for 18 projects across the state.

MONTANA'S STATEWIDE CONTINUUM OF CARE
HOMELESS ASSISTANCE GRANTS
FEDERAL FISCAL YEAR 2008 REQUESTS

Applicant / Project Sponsor	Project Name	Grant Amount	
		Requested	Received
Helena Public Housing Authority	Samaritan Bonus Project – new SPC	$ 174,305	$ 153,300
YWCA, Missoula County	Ada's Place - SHPR	$ 101,001	$ 102,371
Mountain Home, Missoula	Hamilton Project - SHPR	$ 76,798	$ 76,798
Missoula County	Share House - SHPR	$ 196,665	$ 196,665
Northwest Montana Human Resources, Inc., Kalispell	Courtyard Apartments - SHPR	$ 35,769	$ 35,769
HRC District XII, Butte	Homeword Bound - Transitional Housing - SHPR	$ 90,958	$ 90,958
Poverello, Inc., Missoula	Poverello Center – SHPR	$ 37,467	$ 37,467
Samaritan House, Inc., Kalispell	Samaritan House Case Management – Transitional Housing - SHPR	$ 63,000	$ 63,000
Salvation Army, Missoula	Gateway Center - SHPR	$ 61,579	$ 61,579
God's Love, Inc., Helena	God's Love Family Transitional Housing Project - Transitional Housing - SHPR	$ 150,470	$ 143,305

[1] Based on the FFY 2008 ESG allocation; FFY 2009 allocation unknown at the time of publication

Applicant / Project Sponsor	Project Name	Grant Amount	
		Requested	Received
Florence Crittenton, Helena	Pathways to Success - Transitional Housing - SHPR	$ 124,546	$ 124,546
Supporters of Abuse Free Environment, Inc., Hamilton	S.A.F.E. Transitional Housing - Transitional Housing - SHPR	$ 35,700	$ 34,000
MT Dept of Public Health & Human Services, Helena	Homeless Management Information System (HMIS) - SHPR	$ 66,980	$ 66,980
Mountain Home, Missoula	Mountain Home - new SHP	$ 121,102	$ 121,102
Public Housing Authority of Butte	Shelter Plus Care – Tenant Based Rental Assistance - SPCR	$ 75,960	$ 81,300
Helena Housing Authority	Shelter Plus Care – Tenant Based Rental Assistance - SPCR	$ 166,992	$ 171,696
Missoula Public Housing Authority	Shelter Plus Care – Tenant Based Rental Assistance - SPCR	$ 488,880	$ 498,480
Public Housing Authority of Billings	Shelter Plus Care – Tenant Based Rental Assistance - SPCR	$ 88,200	$ 89,820
		$2,156,372	**$ 2,149,136**

SPC – Shelter Plus Care; **SPCR** – Shelter Plus Care Renewal;
SHP – Supportive Housing Program; **SHPR** – Supportive Housing Program Renewal

Housing Opportunities for Persons With AIDS (HOPWA)

In August 2008, the MDPHHS was awarded a HOPWA renewal grant of $1,400,000 to continue operating the Tri-State Housing Environments for Living Positively Program. Serving three states that do not qualify for direct HOPWA formula grant funding, this program is a continuum of housing and related supportive service opportunities for people living with HIV/AIDS and their families. TS HELP is a partnership between MDPHHS and four private agencies: the Sioux Falls Housing and Redevelopment Commission in South Dakota, Region VII Community Action Program in North Dakota, and Missoula AIDS Council and Yellowstone AIDS Project in Montana. The MDPHHS through the four agencies operate the TS HELP program, which was funded $1.4 million for a three-year period (beginning in 2005). The grant focuses on addressing the need for housing case management in three of the four regions. Sponsors increased tenant based rental assistance (TBRA) and short-term rent, mortgage, and/or utility (STRMU) assistance.

Other HUD Resources

Project Based and Tenant Based Section 8

In addition to administering the HOME Program, the Housing Assistance Bureau contracts with HUD as the statewide Public Housing Agency (PHA) using an annual contributions contract to provide program administration and services on Section 8 low-income housing programs on a statewide basis.

Montana's Project Based Section 8 (PBS8) Program performs as a HUD contractor for management and oversight activities for approximately 99 contracts involving more than 4,276 affordable rental units. PBS8 conducts on-site management reviews annually for

the entire contract portfolio. In addition, PBS8 approves and processes payment vouchers to property owners and agents.

The Tenant Based Section 8 (TBS8) Housing Assistance Programs allow very low-income families to pay a set amount toward rent and utilities, currently 30% of their gross adjusted income. Very low-income families have incomes of 50% or less of the HUD median family income for the county in which the family resides. HUD establishes income limits annually. The programs provide subsidy payments to property owners on behalf of program participants.

The TBS8 Program, using 37 local field agents in 11 locations throughout the state, provides field services: issuing assistance documents, performing inspections, and examining annual income. The wait list to obtain a voucher is approximately 20 months with approximately 5,500 applicants. Housing choice vouchers is the main program in TBS8, with a HUD baseline of 3,700 units, and an annual budget of $14 million.

The Moderate Rehabilitation (Mod Rehab) Program has a budget of approximately $2.0 million annually. In essence a project-based program, owners of substandard property in Montana rehabilitated the property to meet HUD housing quality standards (HQS). TBS8 provides a list of prospective tenants and inspects the rental units annually to ensure continued compliance with HQS.

Go to **http://housing.mt.gov/Hous_S8.asp** for more information on the statewide Section 8 Programs.

HUD-Veterans Affairs Supportive Housing Voucher Program

The 2008 Consolidated Appropriations Act (the Act) (Public Law 110-161) enacted December 26, 2007, provided $75 million dollars of funding for the HUD-Veterans Affairs Supportive Housing (HUD-VASH) voucher program as authorized under section 8(o)(19) of the United Stated Housing Act of 1937. The HUD–VASH program combines HUD HCV rental assistance for homeless veterans with case management and clinical services provided by the Veterans Affairs at its medical centers and in the community.

Montana was provided 35 vouchers to assist homeless veterans and their families. MDOC through partnership with Veterans Affairs, Homeless Veteran Program, located at Fort Harrison, currently has 27 veterans housed or in the process of being housed in Missoula, Helena and surrounding areas. The ultimate goal would be to house homeless veterans statewide.

Neighborhood Stabilization Act

On July 30, 2008, President Bush signed into law Title III of the Housing and Economic Recovery Act (HERA) [HR 3221], which created the Neighborhood Stabilization Program (NSP). Section 2301 of Title III states that $4 billion is set aside for assistance to states certain targeted cities for the purpose of assisting in the redevelopment of foreclosed and abandoned homes. Montana is slated to receive the minimum allocation

of approximately $19.6 million. The MDOC will administer the NSP funds through the Community Development Division, CDBG Program. Key provisions of the Act will also affect Montana's Community Development Block Grant State Program.

As required by the NSP Federal Register Notice, published on October 6, 2008, all NSP grantees are required to prepare and submit an NSP Action Plan Amendment for HUD's review and approval before NSP funds are dispersed to the State. MDOC prepared and submitted an initial draft plan to HUD as required by the NSP Federal Register Notice. To date, MDOC has not yet been notified by HUD if the plan has been approved.

As required by HERA, MDOC has targeted NSP funds to those Areas of Greatest Need. Based on HUD and MDOC foreclosure data, 24 counties and all seven Indian Reservations have been proposed to be designated as Areas of Greatest Need.

- Counties:

Anaconda-Deer Lodge	Big Horn	Broadwater	Butte-Silver Bow
Cascade	Custer	Flathead	Gallatin
Glacier	Golden Valley	Lake	Lewis & Clark
Lincoln	Meagher	Mineral	Missoula
Petroleum	Pondera	Powell	Ravalli
Roosevelt	Rosebud	Sanders	Yellowstone

- Indian Reservations:

Blackfeet	Crow	Flathead	Fort Belknap
Fort Peck	Rocky Boy	Northern Cheyenne	

The Act specifies that the funds must be used not later than 18 months after receipt of funds "to purchase and redevelop abandoned and foreclosed homes and residential properties".

NSP funds can be used to:

- establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low and moderate income homebuyers;
- purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties;
- establish land banks for homes that have been foreclosed upon;
- demolish blighted structures;
- redevelop demolished or vacant properties.

Additional information on the Neighborhood Stabilization Program can be found at **http://comdev.mt.gov/CDD_CDBG_NSP.asp**. The state's NSP amendment to the Action Plan is posted on the web at: **http://housing.mt.gov/Hous_CP_Apps.asp**.

Other Federal Resources

Low Income Housing Tax Credits (LIHTC)

The Low Income Housing Tax Credit Program, established by Congress in the Tax Reform Act of 1986, is intended to provide for retaining, rehabilitating, and constructing low-income rental housing. The Montana Board of Housing (MBOH) administers the LIHTC Program in Montana. The MBOH receives authority to allocate the tax credit through the Internal Revenue Code. Annual authority is estimated to be at least $2,665,000. Through the tax credit benefit, developers and owners of qualified housing receive an annual federal tax credit for 10 years, based on the eligible basis costs of the rental units provided to low-income individuals and families. For more information, go to **http://housing.mt.gov/Hous_BOH_MF.asp**.

U.S. Department of Agriculture Rural Development (USDA RD)

The U.S. Department of Agriculture Rural Development Program regularly funds several different housing programs for very-low-, low-, and moderate-income borrowers. These programs are the Single Family Housing Direct Loans (502), Repair and Rehab Loans and Grants (504), and Guaranteed Rural Housing Loans. Additionally, RD funds Multi-Family Housing Direct Loans and Guarantees, Rural Rental Assistance, Mutual Self-Help Grants, and Housing Preservation Grants. More information on Rural Development's housing and community facilities programs in Montana can be found at **http://www.rurdev.usda.gov/mt/RHS/rhs%20front%20page.htm**.

U.S. Department of Energy (DOE)

The U.S. Department of Energy funds are primarily for weatherization assistance in the state. These funds leverage additional funds from the U.S. Department of Health and Human Services, NorthWestern Energy, Bonneville Power Administration, and Universal System Benefits/Montana Dakota Utilities (USB/MDU) funds for the weatherization program as well as the Low Income Energy Assistance Program (LIEAP). The weatherization program provides cost effective energy conservation measures for low-income households, and typically include heating system tune-ups, air infiltration reduction, and attic, wall and floor insulation.

U.S. Department of Commerce Economic Development Administration (EDA)

The CDBG Economic Development Program applied to the U.S. Department of Commerce Economic Development Administration in 1991 for economic development funding, matched with CDBG funds, to develop a state revolving loan fund. Revolving loan fund dollars are used independently, or in combination with CDBG funding, for economic development loans. Loan payments are deposited back into the EDA/CDBG revolving loan fund for future projects.

STATE RESOURCES

Resources provided by the state play a critical role in meeting community development needs around Montana.

Montana Board of Housing

Administratively attached to the MDOC, the Montana Board of Housing was created by the Housing Act of 1975 in order to alleviate the high cost of housing for low-income persons and families. Funds are generated through either the sale of tax-exempt bonds, loans, or administrative fees. MBOH programs fall into three categories: homeownership, multi-family projects, and assistance to the senior population. MBOH programs are often used in combination with HOME and CDBG funds, where the MBOH provides the permanent financing or equity financing. For more information, visit the MBOH's website at **http://housing.mt.gov/Hous_BOH.asp**.

Homeownership Programs

Homeownership programs include the Bond Program, which generally provides below market, low or no down payment, fixed rate mortgages to qualified first-time homebuyers; Mortgage Credit Certificate Program, which helps qualified first-time homebuyers reduce their federal income taxes; many Set-aside Programs, which help Montana families who cannot qualify for loans through the Bond Program; and the Montana House™. More information on MBOH homeownership programs is available on the website at: **http://housing.mt.gov/Hous_BOH_SF.asp**.

Homeownership will be facing two challenges in the coming year. While Montana's level of foreclosures from subprime lending is relatively low, the economic downturn in the state's economy is increasing the frequency of foreclosures, especially in Flathead and Ravalli Counties, on many of the Indian Reservations, and in the three MSAs, Missoula, Great Falls, and Billings. The MBOH supports a network of foreclosure counselors through its own funds, HUD Homeownership Counseling and National Foreclosure Mitigation Counseling program funds. These counselors are available at no charge to assist any homebuyer who is facing foreclosure or anticipating difficulty in making their mortgage payments.

The second challenge is the tightening of credit and credit standards to support first-time homebuyers. The MBOH supports a network of certified homebuyer education and counseling providers across the state to assist first-time homebuyers with information and counseling about what is needed to qualify for a home loan, and what is involved in locating and financing a home. Home purchase costs have stabilized and even declined slightly in a few areas of the state. While lower mortgage interest rates and lower house prices make this a good time to purchase a home, these lower rates are not sufficient to fill the affordability gap in many areas of the state. With tighter credit and down payment requirements, it is likely that fewer households will be purchasing homes than in the past. Additionally, ongoing affordability gaps and higher down payment requirements will likely increase the amount of assistance needed by each household; thereby

lowering the total number of homebuyers receiving down payment assistance and buying homes.

Homeownership Mortgage Revenue Bond (MRB) Program: Begun in 1977, the purpose of the Homeownership Mortgage Revenue Bond Program (formerly known as the Single Family Bond Program) is to assist low- and moderate-income Montanans to purchase homes in the state. The MBOH issues tax-exempt mortgage revenue bonds to provide below market rate funds either to purchase existing housing or to construct new housing. Primarily, this program is intended to be utilized by first-time homebuyers; however, in certain "targeted" areas, the borrowers do not need to be first-time buyers. Certain income requirements and house price restrictions must be met. Loan fund availability and mortgage rates vary with each new bond issue.

Mortgage Credit Certificate (MCC) Program: The MCC Program, which began operation in April 2003, allows a qualified homebuyer to claim up to 20% of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80%) continues to qualify as an itemized deduction. The MCC may be used in conjunction with any conventional fixed or adjustable rate loan, FHA, VA or RD loans, or privately insured mortgage loans statewide including loans made in Indian Country, except for loans made through the MBOH bond program.

Set-aside Homeownership Mortgage Program: The MBOH makes mortgage funds available through the recycling of mortgage prepayments and other funds held under prior bond issues of the Homeownership MRB Program. The MBOH works in partnership with local nonprofit housing providers and local governments to develop programs to target specific housing needs within the local community. The MBOH provides the permanent, below market rate, 30-year mortgage financing. This is often coupled with federal grants or local funds to assist in making homeownership more affordable for lower income individuals and families. Applications are submitted through the MBOH's "Request for Proposal" process on a monthly basis.

Disabled Accessible Affordable Homeownership Program: The MBOH initiated this program in 1993 to assist persons with disabilities to acquire affordable, architecturally accessible homes. To qualify for the program, an eligible homebuyer, spouse, child, or parent must have a permanent physical disability with a mobility impairment (access disability), meet income and family asset limits, and be a first-time homebuyer or have a home purchased prior to the disability that is no longer accessible to their needs. Interest rates vary depending on the buyer's annual income.

MyMontanaMortgage (MMM): MMM expands the range of borrowers the MBOH can serve by combining the MBOH lower set-aside mortgage interest rate with expanded underwriting available through Fannie Mae. With qualifications similar to the Set-aside Homeownership Mortgage Program, the MMM is targeted to households at or below 80% of area median income in four special groups: Native Americans; housing subsidy clients working with an authorized Section 8 homeownership program; households that have one or more household members with an ADA-defined disability (not limited to access disabilities); and borrowers who work full-time in essential services such as

public or private school employees from kindergarten through college level (custodial and administrative staff and teachers), police and fire fighters, and certified, accredited or licensed health care workers (nurses, pharmacists, technicians, etc.).

Essential Workers Programs: This pilot program in western Gallatin County with Manhattan State Bank links lower interest first mortgages using recycled bond funds with special down payment assistance second mortgages to help provide homeownership for first-time homebuyers who are teachers or police officers. Borrowers who meet MBOH eligibility criteria and program income criteria qualify for a first mortgage through the MBOH. The second mortgage fills the gap between the first mortgage and the cost of an eligible home. No payments are made on the second mortgage until the house is sold or refinanced, at which time the borrower pays off the second mortgage and a portion of the gain in equity in the home. This program is designed to help bridge the gap between incomes for teachers and police officers and the high cost of housing in western Gallatin County and surrounding counties.

Montana House™: The Montana House™ program is a collaboration between the MBOH, the Blackfeet Community College, the Blackfeet Housing Authority, Blackfeet Manpower, and the Miles City Community College. The MBOH provides the building materials for the homes. At the community college sites, students build the homes as part of their vocational training curriculum. The homes are available for purchase by individuals or families who meet the Homeownership MRB Program criteria.

The Montana House™ is a three-bedroom, two-bath new home that is available in four different floor plans: 960 sq ft, 1008 sq ft, 1200 sq ft, or 1400 sq ft. Each home features 2x6 exterior walls with R-19 insulation, quality vinyl windows, oak kitchen and bath cabinets and energy efficient gas forced air furnace. The home comes complete except for appliances and flooring, which the homebuyer provides. The homebuyer is also responsible for the lot, foundation, moving from the building site, placement on the foundation and utility hook-ups and fees. NeighborWorks Montana (NWMT) provides technical assistance for these functions.

Multi-Family Programs

MBOH issues tax-exempt bonds to finance the construction of new and rehabilitation of existing, low-income, multi-family housing. The MBOH issues the bonds to finance projects that meet its requirements through the Multi-Family Risk Sharing Program and General Obligation Bond Program. Go to **http://housing.mt.gov/Hous_BOH_MF.asp** for more information on the MBOH multi-family programs.

Risk Share Loan Program: The Risk Sharing program provides FHA mortgage insurance for the permanent financing of multi-family rental property through a partnership between MBOH and HUD. Through this program, the MBOH provides mortgage underwriting, loan management, and financing, and the two entities share the risk of loss from default. The MBOH received final approval to participate in the Risk Sharing Program with HUD in June 1994.

General Obligation (G.O.) *Program*: The G.O. bond program provides permanent mortgage financing for multi-family rental property. The program requires that the rental property owner agree to restrict the rents to a specific amount and to rent only to tenants below a maximum income level (generally 60% of median income). Currently this program is financing the permanent loans for projects receiving multiple sources of funding where rents on the projects are affordable to very low-income state residents.

Housing Montana Fund: The Montana Legislature passed the Affordable Housing Revolving Loan Fund into law during the 1999 legislative session; however, funding was not provided at that time. The 2001 Montana Legislature appropriated $500,000 in Section 8 reserves and $700,000 of Temporary Assistance to Needy Families (TANF) funds and allowed direct donations as a source of funding. The Affordable Housing Revolving Loan Fund was renamed the Housing Montana Fund by the 2007 Legislature. The MBOH administers the fund, which can be used to provide financial assistance in the form of direct loans for the following purposes:

- Matching funds for public or private money available from other resources for developing low-income and moderate-income housing;
- Bridge financing necessary to make a low-income or a moderate-income housing development feasible;
- Acquisition of existing housing for the purpose of preserving or converting to low-income or moderate-income housing; or
- Pre-construction technical assistance to eligible recipients in rural areas and small cities and towns.

Organizations eligible for loans from the revolving loan fund are state and local governments, state agencies or programs, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers. All interest and principal on loans, which have a 30-year term, must be repaid to the loan fund.

Conduit Bond Program: This relatively new program offers applicants the ability to issue bonds through other qualified entities and receive 4% tax credits similar to the Low Income Housing Tax Credits but is not subject to an annual allocation. The projects are subject to all LIHTC program compliance requirements.

Reverse Annuity Mortgage (RAM) Loan Program

The RAM Program enables senior Montanans to benefit from an additional monthly income source by borrowing against the equity in their home. Eligibility is subject to certain age and income requirements. Currently a participant must be 68 years of age or older (some exceptions may apply). Loans of $15,000 to $150,000 are available at a 5% interest rate, based on 80% of the FHA-determined property value. The loans do not require repayment as long as the homeowner remains in the home. Information on the MBOH RAM Loan Program is available at **http://housing.mt.gov/Hous_BOH_Ed.asp**.

Montana Department of Commerce

Business Resources Division

The Business Resources Division is comprised of a variety of programs aimed at improving, enhancing, and diversifying Montana's economic and business climate. Go to **http://businessresources.mt.gov/** for more information on the Business Resources Division.

Indian Country Economic Development (ICED): ICED funds from the MDOC have been available to tribal governments since October 1, 2005. The 59th Montana Legislature made funds available to support tribal business development projects, workforce training projects, entrepreneurial training, feasibility studies, and other types of economic development projects. A total of $800,000 is available annually from the program.

Primary Sector Workforce Training Grant (WTG): The 59th Montana Legislature transferred the administration of the WTG program, established during the 2003 legislative session, from the Governor's Office of Economic Opportunity to the MDOC. For 2009 the State Legislature will make a total of $4 million available annually for the WTG program for the creation of good-paying jobs in primary sector businesses paying the lower of the state's average annual wage or the county's average annual wage and adding and training at least one new worker.

Big Sky Trust Fund: The Big Sky Economic Development Trust Fund was created by the 2005 Montana Legislature to aide in the development of good-paying jobs for Montana residents and to promote long-term, stable economic growth in Montana. Interest earnings from the trust fund are available for financial assistance to local governments and economic development organizations through application to the MDOC. Seventy-five percent of trust fund earnings are awarded annually to local governments in the form of grants and loans for economic development projects that create new qualifying jobs for Montana residents.

Community Development Division

Treasure State Endowment Program (TSEP): TSEP is a state-funded grant program designed to assist local governments to construct and repair drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges in order to solve serious public health and safety problems. Eligible applicants for TSEP include any incorporated city or town, county, consolidated government, tribal government, and county or multi-county water, sewer or solid waste management district. The program provides grants for construction projects, preliminary engineering studies, and emergency situations.

Construction grants typically require a dollar-for-dollar match; however, the match can include other grants. Applicants are limited to requesting a maximum of $750,000 for a construction project. TSEP accepts applications for funding construction projects in the

spring preceding a legislative year. The MDOC reviews and ranks the applications based on seven statutory priorities. Communities recommended for grant funds are required to have user fees that meet or exceed the community's "target rate." Target rates are based on a percentage of a community's median household income, making target rates a unique financial measure for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial need of each applicant. The Governor reviews the MDOC's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards. The following table summarizes the type of projects that have been awarded construction grants.

TSEP CONSTRUCTION GRANTS APPROVED FOR FUNDING					
Legislature	**Water**	**Wastewater / Storm Sewer**	**Combined Water / Wastewater**	**Solid Waste**	**Bridges**
1993	10	5		2	2
1995	8	5			2
1997	10	11			1
1999	10	16			2
2001	12	16			3
2003	16	10	2	1	11
2005	11	15	1		13
2007	25	20	1		10
Total Approved	**102**	**98**	**4**	**3**	**44**
2008 Applications	**25**	**23**	**3**	**2**	**12**

The Legislature also appropriates funds for the MDOC to award grants for preliminary engineering studies. These non-competitive grants are especially useful to smaller communities that have problems to solve but do not have the financial resources necessary to produce a preliminary engineering report (PER) that is required in order to apply for funds needed to complete a construction project. Grants for preliminary engineering are limited to $15,000 and require a dollar-for-dollar match.

The Legislature appropriates additional funds for the MDOC to award grants to remedy emergency situations. Grants for emergency projects are limited to $30,000 and the applicant is expected to expend its own financial resources first.

Additional information on TSEP is available at **http://comdev.mt.gov/**.

Coal Board: Administratively attached to the MDOC, the Coal Board seeks to assist local communities experiencing impacts as a result of coal development or decline with the mitigation of governmental costs associated with such activities. The Board was created in 1975 with the adoption of the Coal Severance Tax for the purpose of aiding local governmental units, which have been required to expand the provision of public services as a consequence of large-scale development of coal mines and coal using energy complexes. The Coal Board seeks to assist the local community experiencing impact with funding to meet the escalating costs of adequate governmental services and facilities. Go to **http://comdev.mt.gov/CDD_CB.asp** for additional information.

Hard Rock Mining Impact (HRMI) Board: The HRMI Board, a five-member, quasi-judicial board appointed by the Governor, is attached to the MDOC for administrative purposes. The HRMI Board administers the Hard-Rock Mining Impact Act and the companion Property Tax Base Sharing Act (PTBS), provides technical assistance with metal mines license tax distributions, and adjudicates disputes between affected entities. The purpose of HRMI and PTBS Acts is to mitigate the local government service, facility and fiscal impacts from new large-scale hard-rock mineral developments in the state. Mineral developers and affected local governments prepare and implement impact plans intended to ensure that local government services and facilities are available when and where they are needed as a result of new mineral developments, without imposing additional costs on the existing local taxpayer. The developer pays new capital and net operating costs through prepaid property taxes with a subsequent tax credit, grants, or facility impact bonds. Under specified circumstances, affected entities may petition the HRMI Board to amend approved impact plans. For more information, **http://comdev.mt.gov/CDD_HR.asp**.

Community Technical Assistance Program (CTAP): The program is available to help local communities address land use planning issues by providing problem-solving ideas, publications/research, and workshop training. Assistance is provided in four ways:

- **Direct Assistance.** CTAP staff works one-on-one with local government staff and private individuals by:
  - helping to solve development needs or problems;
  - providing legal and administrative advice and ideas on planning issues such as subdivision regulations, zoning, and annexations;
  - distributing a monthly legal update summarizing court decisions impacting land use in Montana; assisting developers, surveyors, engineers, and planners understand statutes and case law governing land use planning in Montana;
  - reviewing plans and regulations to ensure compliance with statute and professional standards; and
  - conducting research to help resolve particular local or statewide land use planning issues or questions.

- **Publications.** CTAP publishes and distributes publications for use by local governments engaged in land use planning, including the Model Subdivision Regulations, the Growth Policy Handbook, and the Planning Board Member's Handbook.

- **GIS Mapping.** CTAP has the expertise and tools to provide electronic and printed maps to initiate or implement planning processes, such as the development of a growth policy or zoning regulations.

- **Local Government Training Workshops.** CTAP can sponsor training workshops on various planning topics, such as planning board procedure, drafting or updating a

growth policy, or administering subdivision regulations, where participants can learn and exchange ideas and experiences.

For additional information, go to: **http://comdev.mt.gov/CDD_ctap.asp**.

Montana Board of Investments (MBOI)

INTERCAP Revolving Loan Program: The INTERCAP Revolving Loan program provides loans to Montana local governments for a wide variety of purposes. Local governments may use the program to provide short- and long-term loans and bridge financing. During the fiscal year ended June 30, 2008, INTERCAP made $29.6 million in loans to communities. Since 1987, 436 eligible governments have received 1,273 loans, totaling $280.9 million. INTERCAP loans totaling $12.0 million have financed heating, lighting, and cooling projects meant to reduce energy costs. Additional information is available at **http://www.investmentmt.com/Programs/Intercap/default.asp**.

Montana Department of Public Health and Human Services

Energy Funds

The MDPHHS administers funds to help offset the high cost of energy in the state. The 2007 Legislature provided MDPHHS with an additional $1,000,000 of state general funds for the LIEAP program to help offset the high cost of energy for the 2008/2009 biennium. The state received additional federal funding for LIEAP for the current heating season, which pushed the total LIEAP funding for Montana to $30.5 million. Households eligible for the assistance receive an average of $919 for the winter, up from an average of $526. The money is paid directly to the eligible household's heat provider (utility, rural electric cooperative, propane dealer, etc.). Households are eligible if their income is at or below 75 percent of median income.

Go to **http://www.dphhs.mt.gov/programsservices/energyassistance/index.shtml** for more information.

Montana Department of Natural Resources and Conservation (MDNRC)

Renewable Resources Grant and Loan (RRGL) Program

The Renewable Resources Grant and Loan Program provides grant and loan funds to governmental entities for renewable resource projects that preserve, conserve, manage, and develop renewable resources. The Resource Development Bureau of the MDNRC administers the program. Grant funding is limited to $100,000, and loan funds are available to the limit of the borrower's bonding authority. Interest subsidies for large loans are available subject to legislative approval. The RRGL Program has $4.0 million available for grant funding each biennium. The next round of applications will be due in May 2008. Project planning grants are available to provide funding for preliminary engineering and technical analysis needed to identify alternatives for projects that qualify for the renewable resource grant and loan program. Grants of up to $10,000 are

available, and must be matched on an equal basis by the project sponsor. Emergency grants of up to $30,000 are available on an open cycle for projects that, if delayed, will result in substantial harm to public health or the environment. For more information, go to **http://dnrc.mt.gov/cardd/ResDevBureau/renewable_grant_program.asp**.

Technical and Financial Assistance Program

The MDNRC[2] and the Montana Department of Environmental Quality (MDEQ)[3] co-administer Montana's Water Pollution Control State Revolving Fund (WPCSRF) and Drinking Water State Revolving Fund (DWSRF) Loan Programs.

- The WPCSRF program is designed to combine federal grant money with state matching money to create a low interest loan program that funds community wastewater treatment projects. The U.S. Environmental Protection Agency (EPA) makes a grant of federal funds to the state. The state must match 20% of that grant. The state's share is derived from the sale of state general obligation bonds. MDNRC makes loans to public entities at an interest rate of 4% for up to 20 years.

  Through fiscal 2007, the WPCSRF program started, the state of Montana has issued more than $23 million in general obligation bonds, and EPA has contributed more than $118 million in grants.[4]

- The DWSRF program provides funds for training, technical assistance, and issuing low interest loans to local governmental entities to finance drinking water facilities and implement the Safe Drinking Water Act. State enabling legislation was passed in 1995 and amended in 1997 after the U.S. Congress passed federal enabling legislation in August 1996. The MDNRC and MDEQ applied for the federal funds in January 1998.

  Through FFY 2007, the state has issued $18.8 million in general obligation bonds and EPA has obligated more than $94 million.[5]

LEVERAGING AND MATCHING OF FEDERAL DOLLARS

Federal funds will continue to be leveraged with nonfederal resources to achieve the objectives of this plan. Matching requirements will be achieved through a variety of methods. Grant recipients are encouraged to utilize funds from the private sector, state and local programs, and other sources to assist in meeting HUD matching requirements and to increase the amount of funds available to provide affordable housing, expand economic opportunities, provide infrastructure, and improve community facilities.

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2 **http://dnrc.mt.gov/cardd/ResDevBureau/drinking_water.asp; http://dnrc.mt.gov/cardd/loans_grants/water_polutioncontrol.asp**

3 **http://www.deq.mt.gov/wqinfo/srf/index.asp**

4 **http://www.deq.mt.gov/wqinfo/srf/WPCSRF/Iup-ppl/pastiupppl.asp**

5 **http://www.deq.mt.gov/wqinfo/srf/DWSRF/IUP-PPL/pastIupPpl.asp**

Community Development Block Grant

CDBG **public facility grant** recipients are required to contribute local funds equal to at least 25% of the total CDBG funds requested. The match is provided either by a direct cash contribution or by incurring a loan or issuing bonds to be repaid through user charges or property tax assessments. Grant recipients are allowed to apply grant funds from other state or federal programs toward the match requirement. In cases of extreme financial hardship, and where the public's health or safety is affected, a local government may request a waiver to proportionally reduce or eliminate the match requirement. A financial analysis must clearly document that due to financial hardship, without additional grant assistance, the financial burden would be unreasonable and the user rates for a water or wastewater system would be more than 150 percent of the community's target rate.

Local matching funds are not required for CDBG **housing grants**.

For CDBG **economic development grants**, the local government is required to identify the sources and uses of funds and the amounts to be contributed by each financial source. Applicants to the program must assure the participation of at least one non-CDBG-ED dollar for each dollar of non-administrative CDBG-ED funds requested (a 1:1 leverage ratio). The non-CDBG-ED funds may come from a variety of sources, such as new investment by the firm to be assisted, new bank loans, new loans repaid to a state or federal loan program, or new grants. All of the required matching funds must be met by new cash in the form of new cash equity, new loans, or new grants. The MDOC reserves the right to reduce the match requirement in exceptional circumstances, such as high impact projects in areas demonstrating significant levels of need.

CDBG **planning grant** recipients are required to provide a match on a 1:1 dollar basis (one non-CDBG dollar for each CDBG dollar) that must be firmly committed by the time CDBG funds are released. The match can come in several forms: funds borrowed from the MBOI INTERCAP Program, local cash reserves, or new cash contributions from other local, state, or federal agencies, programs or private organizations. Previously, in-kind expenses were allowed as match; however, because this type of match is very difficult to track and document for staff, volunteers, and local governments, the CDBG program no longer accepts in-kind as match. Local governments that are having difficulty with the match requirement may request a waiver to reduce or entirely waive the match requirement due to extreme financial hardship. In these cases, the local government must clearly document that there is a need for the planning project and clearly demonstrate that higher financial participation is not possible.

Home Investment Partnerships Program

Many of Montana's recipients have contributed a large amount of matching funds with their projects. In fact, HOME recipients have provided enough matching funds over the years to allow the state to carry match forward, allowing the HOME Program to lower the minimum match requirement from 25% to 5%. To be considered eligible match, a

contribution must be made from nonfederal sources and must be made to housing that is assisted with HOME funds.

Emergency Shelter Grant

Recipients of the ESG grant funds are required to match an equal or greater amount than the contracted amount. This ensures that the program fulfills its obligation to match 50% of the grant amount.

II. STATEMENT OF SPECIFIC ANNUAL OBJECTIVES

Table 3A - Summary of Specific Annual Objectives
Plan Year 2009

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[6, 7]	Actual Number[8]	Percent Completed
DH-1	**Availability/Accessibility of Decent Housing**						
DH-1.1	Enhance the availability / accessibility of decent housing by offering assistance for the acquisition/new construction of rental and homeownership units for LMI households	**CDBG[9]**	• **Number of units acquired/newly constructed**	2005	N/A	N/A	N/A
				2006	N/A	0	N/A
				2007	0	0	
				2008	6		
				2009	**4**		
			THREE-YEAR GOAL		**10**	**0**	
DH-2	**Affordability of Decent Housing**						
DH-2.1	Address the need for affordable decent housing by offering rehabilitation assistance to low and very low-income homeowner households	**HOME[10]** **Local Match**: *5% minimum required*	• **Number of units rehabilitated** ▪ *# of units meeting Section 504 standards* ▪ *# of units qualified as Energy Star*	2005	N/A	N/A	N/A
				2006	N/A	41	N/A
				2007	40	18	
				2008	32		
				2009	**25**		
			THREE-YEAR GOAL		**97**	**59**	

[6] Since HOME and CDBG grant funds are primarily distributed through competitive and/or first-come, first-serve processes, the state cannot accurately predict the number of and distribution of grant assistance among specific objectives. The specific number of households, businesses, etc., expected to be assisted each program year is based on the historic number assisted in previous years, adjusted for anticipated declines in funding and rising costs, which may or may not be an accurate reflection of future fund distributions.

[7] Use of the performance measurement system was not required at the time the FFY 2006 Action Plan was submitted to HUD; consequently, there is no "Expected Number" for any of the Objectives and Indicators for FFY 2006.

[8] Reporting of the data in IDIS necessary to complete this form did not become mandatory until October 1, 2006, six months into the plan year; therefore the "Actual Number" reported does not represent a full year of data.

[9] Source: IDIS Report CO4PR83, CDBG Performance Measures Report for Program Years 2006 & 2007

[10] Source: IDIS Report CO4PR23, Program Year 2006 Summary of Accomplishments. Note: No report similar to the CO4PR83, CDBG Performance Measures Report, or CO4PR81, ESG Performance Measures Report, could be found in IDIS for the HOME Program; therefore, detail for the Performance Indicators could not be summarized for the purposes of this report.

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[6, 7]	Actual Number[8]	Percent Completed
DH-2.2	Address the need for affordable decent housing by offering down payment and closing cost assistance to low and very low-income households	**HOME** **Local match**: *5% min. required*	• **Number of households receiving homebuyer assistance** ▪ *# of first-time homebuyers* ▪ *# receiving homebuyer education / counseling* ▪ *# coming from subsidized housing*	2005	N/A	N/A	N/A
				2006	N/A	111	N/A
				2007	110	90	
				2008	88		
				2009	**70**		
			THREE-YEAR GOAL		**268**	**201**	
DH-2.3	Address the need for affordable decent housing by offering tenant-based rental assistance (TBRA) to low- and very low-income households	**HOME** **Local Match**: *5% min. required*	• **Number of households provided with rental assistance** ▪ *# designated for the homeless* ▪ *# for the chronically homeless*	2005	N/A	N/A	N/A
				2006	N/A	51	N/A
				2007	55	51	
				2008	44		
				2009	**35**		
			THREE-YEAR GOAL		**134**	**102**	
DH-2.4	Address the need for affordable decent housing by offering assistance for the acquisition, rehabilitation and new construction of rental housing to serve low- and very low-income households	**HOME** **Local Match**: *5% min. required*	• **Number of rental units assisted** ▪ *# of units meeting Section 504 standards* ▪ *# of units qualified as Energy Star* ▪ *# designated for persons with HIV/AIDS* ▪ *# for the chronically homeless* ▪ *# designated for the homeless* ▪ *# for the chronically homeless*	2005	N/A	N/A	N/A
				2006	N/A	122	N/A
				2007	135	78	
				2008	108		
				2009	**86**		
			THREE-YEAR GOAL		**329**	**200**	
DH-2.5	Address the need for affordable decent housing by offering down payment and closing cost assistance to low- and moderate -income households	**CDBG**	• **Number of households receiving homebuyer assistance**	2005	N/A	N/A	N/A
				2006	N/A	0	N/A
				2007	0	12	
				2008	0		
				2009	**0**		
			THREE-YEAR GOAL		**0**	**12**	

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[6, 7]	Actual Number[8]	Percent Completed
DH-2.6	Address the need of families facing the possibility of homelessness by providing one-time payments for utilities, rent, or deposits through homeless prevention programs and services	**ESG**[11]	▪ **Number of individuals receiving one-time payments for utilities, rent, or deposits for families facing eviction/shut-off or foreclosure or to provide security deposits to enable families to move into a dwelling of their own.**	2005	N/A	N/A	N/A
				2006	N/A	0	N/A
				2007	5,060	0	
				2008	5,000	0	
				2009	**5,000**		
			THREE-YEAR GOAL		**15,060**	**0**	
DH-3	**Sustainability of Decent Housing**						
DH-3.1	Improve the sustainability of decent housing through the rehabilitation of homeowner and rental units to benefit LMI households.	**CDBG**	▪ **Number of LMI households assisted**	2005	N/A	N/A	N/A
				2006	N/A	59	N/A
				2007	48	87	
				2008	39		
				2009	**31**		
			THREE-YEAR GOAL		**118**	**146**	
SL-1	**Availability/Accessibility of Suitable Living Environment**						
SL-1.1	Enhance the availability / accessibility of suitable living environments through the new construction of public facilities to benefit a geographic area with an LMI percentage of 51% or higher	**CDBG**	▪ **Number of persons with new access to the public facility or receiving a service provided by the public facility that is no longer substandard**	2005	N/A	N/A	N/A
				2006	N/A	0	N/A
				2007	2,813	690	
				2008	1,430		
				2009	1,144		
			THREE-YEAR GOAL		**5,387**	**690**	
SL-1.2	Enhance suitable living environment through availability and accessibility of essential services for the homeless	**ESG**	▪ **Number of individuals assisted with essential services such as shelter, food and individual support services**	2005	N/A	N/A	N/A
				2006	N/A	0	N/A
				2007	693	0	
				2008	690		
				2009	**690**		
			THREE-YEAR GOAL		**2,073**	**0**	

[11] Source: IDIS Report CO4PR81, ESG Performance Measures Report

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[6, 7]	Actual Number[8]	Percent Completed
SL-1.3	Enhance the availability/accessibility of a suitable living environment by offering new construction and rehabilitation of non-rental shelters[12] to LMI households	**CDBG**	▪ **Number of units constructed and rehabilitated**	2005	N/A	N/A	N/A
				2006	N/A	0	N/A
				2007	0	0	
				2008	3		
				2009	2		
			THREE-YEAR GOAL		**5**	**0**	
SL-2	**Affordability of Suitable Living Environment**						
SL-2.1	Improve the sustainability of the suitable living environment through rehabilitation of existing public facilities[13] by targeting direct benefits to serve a specific LMI clientele.	**CDBG**	▪ **Number of persons with improved or new access to the public facility or receiving a service provided by the public facility that is no longer substandard**	2005	N/A	N/A	N/A
				2006	N/A	45	N/A
				2007	447	627	
				2008	127		
				2009	102		
			THREE-YEAR GOAL		**676**	**672**	
SL-3	**Sustainability of Suitable Living Environment**						
SL-3.1	Improve the sustainability of suitable living environments through rehabilitation of existing public facilities[14] to benefit a geographic area with an LMI percentage of 51% or higher.	**CDBG**	▪ **Number of persons with improved access to the public facility or receiving a service provided by the public facility that is no longer substandard**	2005	N/A	N/A	N/A
				2006	N/A	2,563	N/A
				2007	563	4,869	
				2008	722		
				2009	**578**		
			THREE-YEAR GOAL		**1,863**	**7,432**	
SL-3.2	Address the need for a suitable living environment by supporting existing facilities providing services as emergency shelters and domestic violence facilities as shelter maintenance programs	**ESG**	▪ **Number of emergency shelters/domestic violence facilities assisted that provide shelter, food and individual support services through Shelter Maintenance funding** ▪ Number of individuals assisted	2005	N/A	N/A	N/A
				2006	N/A	0	N/A
				2007	23	0	
				2008	23	0	
				2009	**23**		
			THREE-YEAR GOAL		**69**	**0**	

[12] Youth group homes, domestic violence facilities, mental health facilities, homeless shelters, etc.

[13] Water and wastewater projects, nursing homes, Head Start centers, senior centers, county hospitals, etc.

[14] Water and wastewater projects

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[6, 7]	Actual Number[8]	Percent Completed
EO-1	**Availability/Accessibility of Economic Opportunity**						
EO-1.1	Provide economic opportunity through improved or new availability/accessibility	**CDBG**	▪ **Number of loans/grants** ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained	2005	N/A	N/A	N/A
				2006	N/A	1	N/A
				2007	0		
				2008	0		
				2009	0		
			THREE-YEAR GOAL		**0**	**1**	
EO-2	**Affordability of Economic Opportunity**						
EO-2.1	Provide economic opportunity through improved or new affordability	**CDBG**	▪ **Number of loans/grants** ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained	2005	N/A	N/A	N/A
				2006	N/A	3	N/A
				2007	4	4	
				2008	4		
				2009	4		
			THREE-YEAR GOAL		**12**	**7**	
EO-3	**Sustainability of Economic Opportunity**						
EO-3.1	Provide economic opportunity through improved or new sustainability	**CDBG**	▪ **Number of loans/grants** ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained	2005	N/A	N/A	N/A
				2006	N/A	2	N/A
				2007	4	6	
				2008	4		
				2009	4		
			THREE-YEAR GOAL		**12**	**8**	

It should be noted that the federal HUD funding has been declining for several years, while during the same timeframe, costs have continued to escalate due to a variety of factors. The cost of construction materials has increased, and the imposition of lead-based paint requirements has increased the cost and complexity of residential rehabilitation, while extending the production timeframe. In such an environment, it becomes increasingly difficult to attempt to measure performance in light of long-term production goals because the factors and assumptions the goals are based upon simply are not stable or constant over time. However, the performance measures and indicators still have value in that they illustrate the nature and extent of the impacts of the state's HUD-assisted programs on Montana's communities and residents.

III. OUTCOME MEASURES

Table 3C
Annual Action Plan
Planned Project Results

Outcomes & Objectives*	Performance Indicators	Expected Number[15]	Activity Description
DH-1.1	Number of units acquired or newly constructed	4	Acquisition or new construction of rental and homeownership units for low-income households
DH-2.1	Number of owner-occupied units rehabilitated	25	Rehabilitation assistance to low and very low-income homeowners
DH-2.2	Number of homebuyers assisted	70	Down payment & closing cost assistance to low and very low-income homebuyers
DH-2.3	Number of households assisted	35	Tenant based rental assistance (TBRA)
DH-2.4	Number of rental units acquired, rehabilitated, and constructed	86	Acquisition, rehabilitation, construction of rental units
DH-2.6	Number of individuals receiving assistance	5,000	One-time assistance (utilities, rent, deposits) for homeless prevention
DH-3.1	Number of LMI households assisted	31	Rehabilitation of homeowner and rental housing units
SL-1.1	Number of LMI persons with new / improved access	1,144	New construction of public facilities
SL-1.2	Number of individuals assisted	690	Essential services (shelter, food, individual support) provided
SL-1.3	Number of units constructed and rehabilitated	2	Essential services (shelter, food, individual support) provided
SL-2.1	Number of LMI persons with new / improved access	102	Rehabilitation of public facilities that serve a specific clientele
SL-3.1	Number of persons with improved access to the public facility	578	Rehabilitation of an existing public facility specific to a geographic area

[15] Since HOME and CDBG grant funds are primarily distributed through competitive and/or first-come, first-serve processes, the state cannot accurately predict the number of and distribution of grant assistance among specific objectives. The specific number of households, businesses, etc., expected to be assisted each program year is based on the historic number assisted in previous years, adjusted for anticipated declines in funding and rising costs, which may or may not be an accurate reflection of future fund distributions.

Outcomes & Objectives*	Performance Indicators	Expected Number[15]	Activity Description
SL-3.2	Number of emergency shelters and domestic violence facilities assisted	23	Assistance to emergency shelters and domestic violence facilities
EO-1.1	Number of loans/grants	0	Loans and grants to small businesses
EO-2.1	Number of loans/grants	4	Loans and grants to small businesses
EO-3.1	Number of loans/grants	4	Loans and grants to small businesses

*Use one of 9 outcome/objective categories:			
	Availability/Accessibility	Affordability	Sustainability
Suitable Living Environment	SL-1	SL-2	SL-3
Decent Housing	DH-1	DH-2	DH-3
Economic Opportunity	EO-1	EO-2	EO-3

IV. METHOD OF DISTRIBUTION

Housing and community development needs vary widely across the state. The extreme diversity in the available infrastructure and housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. Because of the limited availability of resources and the extent of community development and housing needs, each of the three formula grant programs has developed its own methods to address priority needs and to distribute CDBG, ESG, and HOME Program funds to eligible entities for the activities expected to be carried out during the program year.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CDBG Program Categories

The basic categories for local community development projects are housing and neighborhood renewal, public facilities, planning projects, and economic development. Some of the activities that can be carried out with CDBG funds include acquiring real property; rehabilitating residential and nonresidential properties (including special facilities for persons with disabilities); constructing new, affordable housing (when sponsored by a nonprofit organization); providing public facilities and improvements such as water, sewer or solid waste facilities, or senior citizen centers; and assisting for-profit businesses to promote economic development activities that will result in creation or retention of jobs.

Housing and Neighborhood Renewal Projects

CDBG housing and neighborhood renewal projects may consist of one or more activities designed to resolve a community development need. The principle activities within a housing and neighborhood renewal project must clearly be designed to address needs appropriate to the category and be pertinent to a national or state objective.

CDBG funds are often used to make low or no-interest loans or grants to low- and moderate-income families to allow them to rehabilitate homes in substandard condition.

CDBG rehabilitation projects focus on bringing housing up to basic code standards by addressing structural deficiencies, improving electrical systems, and addressing issues related to asbestos and lead-based paint. In light of increasing energy costs, communities are encouraged to use CDBG funds to undertake energy conservation for housing owned or occupied by low- or moderate-income households. Recognizing increasing costs for labor and materials, beginning in 2008, CDBG has increased the maximum grant ceiling to $30,000 per low- and moderate-income household or individual benefited from a CDBG housing and neighborhood renewal project.

CDBG funds can also be used to expand homeownership opportunities for low- and moderate-income persons by paying closing costs, providing up to 50% of any down payment required, subsidizing interest rates, and financing the acquisition of housing. Many Montana communities are experiencing rapid growth, resulting in shortages of affordable housing; CDBG funds can help finance or subsidize the construction of new, permanent residential units where the CDBG funds will be used by a local nonprofit organization. Local governments can directly undertake housing projects that can include site improvements to publicly owned land or land owned by a nonprofit organization to be used for new housing and converting an existing non-residential structure to residential use.

Public Facility Projects

CDBG public facility projects may consist of one or more activities designed to resolve a community development need. The principle activities within a public facility project must clearly be designed to address needs appropriate to the category and be pertinent to a national or state objective.

Public facility projects are designed to assist general-purpose local governments with problems identified in a growth policy or capital improvement plan and are supported by the community. CDBG funds can be used to upgrade or undertake the new construction of community water and sewer systems and other public facilities. Activities may also include direct assistance to low- and moderate-income families to pay special assessments or hookup charges for public improvements. During the last several years, communities have also utilized the CDBG Program to construct or rehabilitate facilities designed for use predominately by persons of low- or moderate-income such as senior citizen centers, Head Start centers, public nursing home facilities, mental health centers, and public hospitals in rural communities.

Construction of transitional (temporary) or short-term housing is eligible under the public facilities category, rather than under the housing and neighborhood renewal category. Short-term residential facilities include homeless shelters and shelters or centers for abused or runaway youth and victims of domestic violence. The change of category from housing and neighborhood renewal to public facility was primarily due to the unique services provided with short-term housing. The clientele served by these facilities must meet very specific criteria and follow a specific treatment program.

Planning Projects–Public Facilities, and Housing and Neighborhood Renewal

The CDBG Program is able to play a unique role in assisting Montana communities because of its ability to offer planning grants to local governments. The CDBG housing and public facilities planning grant funds are used to assist local governments in a wide variety of long-term planning-related activities including preparing or updating growth policies, community needs assessments, capital improvement plans, housing studies, and preliminary architectural or engineering plans related to public facility and housing activities.

As a rule, CDBG requires that all applicants applying for planning grant monies to prepare preliminary engineering reports, must first apply to the Treasure State Endowment Program and the Montana Department of Natural Resources and Conservation's Renewable Resource Grant and Loan program. An application for funds for a PER may be submitted to CDBG only if TSEP and RRGL funds are not available for PERs.

Economic Development Projects

Montana's CDBG Economic Development Program is designed to stimulate economic development activity by assisting the private sector in order to create or retain jobs for low- and moderate-income persons. CDBG funds are intended to be used in situations where a funding gap exists or alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing and those of other federal programs such as the U.S. Department of Commerce Economic Development Administration (EDA) and U.S. Small Business Administration (SBA). The program also complements the MDOC programs for business assistance administered by the Business Resources Division, such as the Regional Development Program and the state Micro Business Finance Program, as well as programs administered by the Montana Board of Investments.

The CDBG-ED Program assists businesses by making appropriate long-term, fixed-rate financing available to them at reasonable interest rates with flexible terms. Typical eligible activities that fall within the CDBG economic development category include: land acquisition; public facilities, infrastructure (water and sewer lines, sidewalks, access roads, etc.), and other improvements in support of economic development; loans for acquiring, constructing, rehabilitating, or installing commercial and industrial buildings, facilities, or for working capital; grants for job training; and grants or loans from communities to nonprofit entities.

The CDBG-ED Program provides instructions for and descriptions of criteria used to select applications for funding. The annual application guidelines provides a checklist of items that applicants must provide in their applications (see the checklist starting on page 32).

Guaranteed Loan Funds

The state does not currently anticipate aiding nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M (the Section 108 Loan Guarantee Program). However, HUD Section 108 Loan Guarantees will be available under exceptional circumstances. These loans will be available subject to the analysis and discretion of the MDOC Loan Review Committee and contingent upon the local government applicant and financing packager receiving assistance from an organization or individual consultant experienced with structuring Section 108 projects.

Community Revitalization

The state does set forth community revitalization activities as a principal grant activity. Local government grantees are urged to consider community revitalization activities as a complimentary activity to one of the basic eligible housing and neighborhood renewal or public facilities activities, such as doing neighborhood revitalization (demolition, clean up, park development) in conjunction with a traditional housing rehabilitation project. In addition, planning for community revitalization is an eligible activity for a planning grant.

Funding

Annual CDBG Grant

For the plan year beginning April 1, 2009, the state will receive approximately $6,861,827 million in federal CDBG funds. Of these dollars, one-third, or approximately $2.1 million, will be allocated to the Business Resources Division for economic development projects, including $210,000 for planning grants. Approximately $4.3 million will be split between public facility projects ($3.2 million), housing and neighborhood renewal projects ($1 million), and planning grants ($240,000), administered by the Community Development Division (CDD).

The CDD bases the funding allocation for the housing and public facilities categories upon demand for the two categories from the previous two years. Using a two-year average adjusts for variability in demand for public facilities funding that may be associated with the biennial funding cycle of the state's legislatively-approved infrastructure funding programs: the MDNRC's Renewable Resources Grant and Loan Program and the MDOC's Treasure State Endowment Program. Additionally, the funding reserved for each category can respond to changing relative demand for CDBG housing and public facilities. Through this method, the amounts allocated between the two categories will change based upon actual demand.

Funds Recaptured by the State from Units of General Local Government

Any funds recaptured by the state from units of general local government that received previous annual grants will be distributed to other units of general local government using the same method of distribution that currently governs the programs.

Funds Reallocated to the State by HUD

Any funds that are reallocated to the state by HUD at the time the annual grant is awarded will be distributed to units of general local government using the same method of distribution that currently governs the programs and/or by any rules imposed by HUD as a condition of receiving the reallocated funds.

Program Income

The CDD and BRD anticipate that an undeterminable amount of program income will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG program income are requested to file a report showing the status of program revenues and expenditures.

Grant Ceilings

The total amount of CDBG funds requested by an applicant must not exceed the following ceilings:

Type of Grant	**Ceiling**
Housing & Neighborhood Renewal	$ 450,000
Public Facilities	$ 450,000
Planning – Public Facilities and Housing & Neighborhood Renewal	$ 20,000
Economic Development	$ 400,000
Planning – Economic Development	$ 15,000

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves, or in combination with other proposed funding sources, to complete the proposed activities within 24 months from the date of the announcement of grant award by the MDOC. There are no minimum amounts required for CDBG requests, although requests under $100,000 generally are not cost-effective due to the administrative requirements that accompany the program. Communities applying for economic development funding can continue to apply for funding throughout the program year until they have reached the maximum amount of $400,000 per local government.

Existing grantees must significantly drawdown their current funds before they are eligible to apply for additional program funds. Each local government may apply for economic development funding up to $400,000 and one housing and neighborhood renewal project and one public facility project each program year. In addition, each local government may be awarded one CDBG ED planning grant and one CDD planning grant each year. Montana's three entitlement cities, Billings, Great Falls and Missoula, are not eligible to apply for state CDBG funding since they receive their own CDBG funds directly from HUD.

Application Selection Criteria

General-purpose local governments (towns and cities under 50,000 in population and counties) are eligible applicants. Private and nonprofit organizations are not eligible to apply directly; in these cases, a county or municipality must apply for CDBG funds on their behalf. If funded, an interlocal agreement must be executed.

Housing and Neighborhood Renewal

Funds distribution for the CDBG housing and neighborhood renewal category is based on annual grant competitions. The demand for CDBG funds has typically exceeded the amount available; therefore, MDOC has developed an application ranking procedure to methodically evaluate the degree to which a proposed project responds to the objectives of Montana's CDBG Program and the ranking criteria.

Housing and neighborhood renewal applications are evaluated according to the following criteria and may be assigned up to a maximum of 1,050 points, based on the following ranking criteria:

	Points
1. Community Planning & Citizen Participation	200
2. Need	200
3. Project Strategy and Community Efforts	250
4. Benefit to Low- and Moderate-Income	200
5. Implementation and Management	200
TOTAL POINTS:	**1,050**

The CDBG ranking teams' written findings, based upon the scoring criteria for each category, are submitted to the MDOC director who makes the final decision on grant awards. Additional information on the guidelines can be accessed on the web at **http://comdev.mt.gov/CDD_CDBG_Hous.asp**.

Public Facilities

Public facility applications are reviewed by MDOC CDBG staff for completeness and for conformance to federal and state CDBG requirements. The CDD engineer also reviews and recommends scores for the grant application's preliminary engineering report to ensure that the technical information is professionally analyzed. After the grant application is ranked by the CDBG ranking team, the written recommendations for grant awards are given to the MDOC director for the final decision. The actual number of awards is subject to the funding availability and the amount of each applicant's request.

Each application is evaluated according to the following criteria and may be assigned up to a maximum of 1,125 points:

		Points
1.	Community Planning & Citizen Participation	175
2.	Need for Project	175
3.	Project Concept and Technical Design	150
4.	Community Efforts	100
5	Need for Financial Assistance	200
6.	Benefit to Low- and Moderate-income	150
7.	Implementation and Management	175
	TOTAL POINTS:	**1,125**

Beginning in 2008, public facility applications for non-water and wastewater projects that provide less than a community-wide benefit and serve a specific group of people such as Head Start and Senior Citizen Centers are evaluated based strictly on "gap analysis", i.e., the documentation of the existence of a funding gap and the need for CDBG grant funds.

Funds are awarded to the top-ranked applications until all funds are allocated. The minimum number of points for a public facilities application to be considered for funding is 700. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Additional information on public facility grant application guidelines can be accessed on the web at **http://comdev.mt.gov/CDD_CDBG_PF.asp**.

Planning Grants - Public Facilities, and Housing and Neighborhood Renewal

The CDBG Program uses five criteria to evaluate planning grant proposals and to rank the applications in the likely event that the total requests exceed available funding. Applicants for preliminary engineering grants must first apply for a TSEP preliminary engineering grants. Planning grant applications may be assigned up to a maximum of 425 points. The ranking criteria and weightings are:

		Points
1.	Relationship to Long-Term Community Planning	125
2.	Need for Planning Activity	100
3.	Community Efforts and Financial Need	50
4.	Benefit to Low and Moderate Income	100
	SUB-TOTAL POINTS:	**375**
5.	First-Time Recipient and/or Innovative Proposals **Bonus Points:**	**50**
	TOTAL POINTS:	**425**

The application guidelines for CDBG planning grants can be accessed on the web at **http://comdev.mt.gov/CDD_CDBG_PGAG.asp**.

Economic Development

It is anticipated that the CDBG-ED guidelines will be available in February 2009 and the CDBG-ED planning grant guidelines will be available in May 2009. Applications are

received and funds are awarded on a continuous cycle until all funds are committed. Once all funding is obligated, project development and funding awards may occur in anticipation of the next year's funding allocation.

Eligible applicants are local governments, which usually contract with local development organizations to loan funds to for-profit businesses that agree to create jobs for low- and moderate-income persons. Each application is initially reviewed by CDBG staff. After the initial review is completed, a final review is done by a grant review committee that makes funding recommendations to the MDOC director. The director makes a final funding decision.

Applicants must meet certain thresholds when applying for funding, including preparing a business plan and providing a 1:1 dollar match. The CDBG-ED Program provides instructions and descriptions of criteria used to select applications for funding awards. The annual application guidelines provide a checklist of items that applicants must provide. Each point in the checklist corresponds to a chapter in the application guidelines, or appendix where local governments can utilize document templates, examples, and find detailed information for compiling their project applications. This checklist corresponds to an internal checklist used to review applications for completeness.

Preliminary Steps

IN PROCESS	COMPLETED	N/A	ACTION
			1. Business approaches the local government, local development corporation, or some other entity, with a proposal.
			2. Local government and/or local development corporation and business consult with its Regional Development Officer (RDO) to see if the proposal is a good fit for the CDBG-ED program. Does the project meet CDBG-ED business thresholds? See Guidelines, *Introduction* for list of RDOs. See *Chapter I* for general requirements.
			3. Minimum 1:1 match. See *Chapter II, Matching Funds.*
			4. Cost per job created or retained: See *Chapters I* & *II.*
			a. No more than $25,000 of activity funds per job created or retained for loans,
			b. No more than $35,000 of activity funds per job created or retained in an area that has a population of at least 51% low and moderate income persons,
			c. No more than $5,000 per employee trained under Customized Training for Employees.
			d. No more than $7,500 per disabled employee trained under Customized Training for Employees.
			5. Business can show minimum 51% benefit to LMI. See *Chapter Ii, Benefit to Low and Moderate-Income Persons.*
			6. Business drafts a Hiring and Training Plan for RDO's review See *Chapter III, Hiring and Training Plan.*
			7. RDO and business owner make preliminary review of financials. See *Chapter III, Business Plan*
			8. The assisted business secures matching funds with commitments. See *Chapter I, Matching Funds.*
			9. RDO and business owner discuss expected timeline for business owner's need for money.

IN PROCESS	COMPLETED	N/A	ACTION
			10. If business does not have a D-U-N-S number, it registers for one. See *Chapter III, D-U-N-S Numbers.*
			11. Business reviews US Census Bureau's NAICS codes for proper business classification. See *Chapter III, NAICS Codes.*
			12. For infrastructure projects: a. Preliminary architecture or engineering report has been completed and costs are estimated. See *Chapter I, Business Infrastructure Projects*, *Appendix V & Appendix W.*
			b. If the local government desires to hire an architect or engineer, it has to demonstrate that services were procured in accordance with state law and MDOC procurement policy. See *Appendix K.*
			13. Local government and assisted business contact the area's Certified Regional Development Corporation (CRDC) and discuss intentions to apply for CDBG-ED funds. All applications must have either 1) a copy of a resolution passed by the CRDC's Board of Directors showing support for the CDBG-ED application, or 2) an explanation as to why the resolution is not submitted.

If the proposal is determined to be a good fit for the CDBG-ED program, the local government initiates the CDBG-ED application process.

Final Application Process

IN PROCESS	COMPLETED	N/A	ACTION
			1. An RDO must be consulted during the preparation of the application. Applications will be reviewed and analyzed by staff on a "first come, first served" basis, as determined by the date the full application is found to be complete by the MDOC. CDBG-ED staff and RDOs will work closely with applicants during the review process to negotiate any changes and resolve issues identified during the review. Staff may consult with the contact persons from the business and the applicant community during initial review. The application is considered complete when all requirements have been met, the initial financial review indicates that the project has the potential to be financially feasible, and the project is properly structured. At that point, the RDO will prepare a report for the MDOC Loan Review Committee to be submitted along with the application.
			2. Local Government conducts a needs assessment in accordance with CDBG-ED guidelines, or provides detailed information on a recently completed assessment that addresses housing, infrastructure, and economic development. Contact CDBG-ED staff for a copy of *"The Community Needs Assessment Process."* See Guidelines, *Chapter II, Citizen Participation,* & *Appendix I.*
			3. Local Government holds first public hearing; – may occur before business comes forward: See *Guidelines, Chapter II* & *Appendix I.*
			a. Held not more than 12 months before submitting application.
			b. Provides general description of CDBG and other funding programs: purpose, uses, funds available, application deadlines, status of commitment, etc.
			c. Elicits public comment on community's needs assessment.
			d. Solicits for businesses that may be interested in applying for a CDBG-ED loan.
			4. Local Government holds second public hearing: See Guidelines, *Chapter II, Citizen Participation* & *Appendix I.*
			a. Held not more than 2 months before the date of the application.
			b. Gives citizens and potential beneficiaries adequate opportunity to review and comment on the proposed application before it is submitted.
			5. The assisted business finalizes matching funds and commitments.

IN PROCESS	COMPLETED	N/A	ACTION
			6. The assisted business secures buy/sell agreement, if applicable. S*ee Chapter II, Acquisition.*
			7. The assisted business conducts income surveys and racial category forms for retained positions. See *Chapter II, Benefit to Low and Moderate-Income Persons,* & *Appendix S.*
			8. Each local government's CDBG-ED application needs to review and/or complete the following, required appendices; and document that required application areas as described in Chapters II and III are addressed. Having these appendices appear in the order in which they are listed will expedite the review process:
			a. Complete *Appendix A, Montana Department of Commerce Economic Development Project Application Form*
			b. Appendix B: Complete the *Local Government and Business Application Certification* form
			c. Appendix C: Review and sign the Acceptance of CDBG Program Requirements *(Certifications for Application)*
			d. Appendix D: Identify <u>and provide a description</u> on how the proposal addresses at least one of the *State Objectives for the Montana Department of Commerce, Community Development Block Grant Program*
			e. Appendix E: Complete the *Full Environmental Checklist for CDBG-ED Applications*, AND provide sources used for information.
			f. Appendix F: Review the *Percent Low to Moderate Income (LMI) for Montana Counties, Cities, and Places (1990 Census)* for area-wide projects. Contact program staff for eligibility.
			g. Appendix G: Review the *CDBG Technical Assistance Publications* and contact the MDOC for copies of any publications needed.
			h. Appendix H: Pass a *Resolution to Authorize Application; o*ne for each local government making the application.
			i. Appendix I: Review *Public Hearing Procedure* and *Sample Formats for Public Hearing Announcements.*
			j. Appendix J: Review *Revolving Loan Fund Plan Sample* and draft a plan for submittal.
			k. Appendix K: Review the MDOC's *Procurement Policy.*
			l. Appendix L: Draft *Sub-Recipient Agreement* (or equivalent) if utilizing a local development organization.
			m. Appendix M: Draft a *Management Plan.*
			n. Appendix N: Complete a *Sources/Uses Form and Pro-Forma Balance Sheet* (or equivalent) AND provide narrative on each funding source: status of commitment, availability, etc.
			o. Appendix O: Draft a *Hiring and Training Plan* (or equivalent).
			p. Appendix P: Complete an *Implementation Schedule.*
			q. Appendix Q: Complete a *Confidentiality Agreement and Affidavit.*
			r. Appendix R: Draft an *Inter-local Agreement* (if a multi-jurisdictional project).
			s. Appendix S: Complete *Income Certification Forms* & *Racial/Ethnicity Categories Forms* for job retention projects.
			t. Appendix T: Submit *Business Plan*. Contents need to include the following: See *Chapter III, Business Plan.*
			i. Business Description
			ii. Management Description
			iii. Market Analysis
			iv. Financial Statements
			v. Projections
			vi. Debt Schedule

IN PROCESS	COMPLETED	N/A	ACTION
			vii. Working Capital Needs
			viii. Personal Financial Statements
			ix. Personal Credit check Release
			x. Private Sector Commitments
			xi. Public Sector Commitments
			u. Appendix U: Submit *Draft Grant Assistance Agreement* for customized employee training agreements, infrastructure grants, and grants to non-profit organizations.
			v. Appendix V: Submit preliminary engineering report (PER) for infrastructure projects.
			w. Appendix W: Submit preliminary architectural report (PAR) for building construction or renovation projects.
			x. Provide narrative and supporting documentation (such as a copy of the needs assessment process) describing the community's needs assessment process. See *Chapter II, Community Development Needs Assessment.*
			y. Provide narrative and supporting documentation (public announcements, minutes, and attendance sheets) describing the public hearing process and results. See *Chapter II, Citizen Participation.*
			z. Provide narrative describing how the proposal will show benefit to at least 51% low and moderate-income persons. See *Chapter II, Benefit to Low and Moderate-Income Persons.*
			aa. Provide narrative describing how the proposal addresses the state's community development objectives. See *Chapter II, State Community Development Objectives*
			9. Provide copy of resolution passed by CRDC in support of application, or explanation why one is not included.
			10. Maps – Local government obtains copies of maps showing location of assisted business/project area, and copy of FEMA map designating area of floodplain. See *Chapter II, Maps.*
			11. Worker's Compensation Insurance Coverage – Provide proof of current worker's compensation insurance coverage for the local government, assisted business, local development organization, and contracted consultants.
			12. Questions to ask before submittal of application:
			a. Are project costs reasonable?
			b. Are all sources of project financing committed?
			c. Is the project financially feasible?
			d. To the extent practicable, the return on the owner's equity investment will not be unreasonably high?
			e. Are the matching funding sources committed, and are there letters of commitment from each source?
			f. Has the application demonstrated a need for CDBG-ED assistance?
			g. Have all other sources for funding been explored and rejected (documented)?
			h. For health care facilities, has the Health Facility Authority (Montana Board of Investments) been contacted?
			i. Is there sufficient equity and collateral to meet the lending requirements of private lending institutions?
			j. Can the assisted business contribute sufficient equity to the project to meet the debt/net worth requirements of traditional lenders?
			k. Has the applicant considered the quality of the jobs and the wages they pay?
			l. Is the management experienced in the type of business activities it proposes, and has it demonstrated a capacity to successfully manage it?

IN PROCESS	COMPLETED	N/A	ACTION
			m. Are the projected earnings realistic and attainable? Are they supported by historical trends and industry norms? Do the projections indicate that cash flow will be sufficient to support the proposed increased debt?
			n. Are CDBG-ED funds adequately secured with all reasonably available assets and/or personal guarantees?
			o. If the proposal involves the purchase of a business, has an appraisal been completed, and is there a buy/sell agreement in place?
			p. Does the application support a sound, well-reasoned proposal with a strong indication that the business will enjoy success if CDBG-ED funds are received?
			q. Will the project be ready to proceed upon notification of tentative award of CDBG-ED funds and be ready to begin immediately?
			r. Does the application demonstrate that the project will support itself over time and not impose a burden on the local government or non-profit entity participating in the project?
			13. Three (3) copies of each application is required for submission:
			a. Two copies (one original and one copy) of the application must be submitted to the Business Resources Division of the Montana Department of Commerce (see address on cover page) using the form in *Appendix A,* and all other appropriate documentation to fully respond to these application guidelines.
			b. One additional copy must be sent to the Regional Development Officer responsible for the area that is submitting an application.

Funds are awarded on a first-come, first-serve basis, if the thresholds and underwriting criteria are met, until all funds are committed. Application guidelines for the CDBG-ED Program are on the web at:

http://businessresources.mt.gov/BRD_CDBG_Appl.asp

The MDOC promotes regional planning efforts and coordination among local development entities and local governments. To encourage better communication in local planning efforts, applicants must provide a copy of a resolution of support passed by the board of their regional Certified Regional Development Corporations (CRDCs). If an applicant's area is not covered by a CRDC, the applicant must provide narrative explaining why it does not participate in a regional planning effort. For more information, go to **http://businessresources.mt.gov/BRD_CRDC.asp**.

Economic Development Planning Grants

The Business Resources Division also sets aside approximately $210,000 in CDBG-ED funds for economic development planning, capacity building, and technical assistance grants. For plan year 2009, the BRD intends to use the set-aside funds for activities similar to those funded in recent years, but will establish specific application policies by May 2009. The policies will specify funding priorities, application procedures, and amounts available at that time for each subcategory. Funds not utilized for this category may be used for the regular CDBG-ED Program. Specific information may be obtained on the web at: **http://businessresources.mt.gov/BRD_CDBG.asp**.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The goal of the HOME Program, administered within the Housing Division's Housing Assistance Bureau, is to expand the supply of decent, safe, affordable housing for low- and very low-income Montana households. The program achieves this goal through a wide range of eligible activities including tenant based rental assistance (TBRA); down payment and closing cost assistance to homebuyers; property acquisition; new construction; reconstruction, relocation, and rehabilitation of property; site improvements; and other activities to develop or preserve non-luxury housing.

Housing needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing needs. Generally, it was inferred from the household forecast and the telephone survey conducted for the *Montana Housing Needs Assessment*[16] that all degrees of housing needs in the state were either medium or high priority. Because of the limited availability of resources and the variety of housing needs, the HOME Program leaves it up to **each community, through detailed local analyses, studies and needs assessments, to determine its own highest priority housing need.** The HOME Program reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level.

Entities eligible to access the state's HOME Program include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), community housing development organizations (CHDOs) certified by the MDOC, and Montana public housing authorities (PHAs). HOME entitlement cities (currently Billings, Great Falls and Missoula) receive HOME funds directly from HUD and process HOME applications for projects within their city limits. Entitlement cities and the CHDOs and PHAs operating within their boundaries are generally not eligible to access MDOC HOME funds.

The HOME Program will receive $4,715,298 in FFY 2009 funds, which will be distribute through competitive and non-competitive processes.

Competitive Application Process

The HOME Program, through a process of application and competitive ranking, will commit project funds in the second calendar quarter of 2009, with applications due February 13, 2009. This timing allows grantees to take advantage of the 2009 construction season and allows for better coordination with projects that involve Low Income Housing Tax Credits.

The maximum request for a HOME project is $500,000 (including soft costs) for rental rehabilitation, TBRA, and new construction. CHDOs receive a minimum 15% ($707,295)

[16] *Montana Housing Needs Assessment*, Center for Applied Economic Research, Montana State University-Billings, December 2004; **http://housing.mt.gov/Hous_CP_HsgNeedsAssess.asp**

set-aside of each fiscal year allocation to perform ownership, sponsorship, and development of housing activities. Generally, the entitlement cities and the CHDOs and PHAs operating within their boundaries are normally not eligible to apply for MDOC HOME funds unless a second round of competition is proposed.

The HOME Program did not receive a sufficient number of applications to fully award its 2008 competitive funds. Normally, when the program does not award all its funds for a given program year, a second round of competition is held and the competition is opened up to the entitlement cities and the CHDOs and PHAs operating within their boundaries. However, a second round of competition was not held for the unallocated 2008 competitive funds; instead, those funds are being rolled into the 2009 grant competition. Therefore, the 2009 competition will be open to the entitlement cities and the MDOC-certified community housing development organizations and public housing authorities operating within those cities this one time only.

Application Selection Criteria

Grantees (including all entities of a joint application) currently administering a HOME grant are eligible to apply for an additional HOME grant if:

- The grantee is in compliance with the project implementation schedule contained in its HOME contract with MDOC;
- There are no unresolved audit, monitoring, or performance findings for any previous HOME grant award to the applicant; and
- Grantees with open grants must meet the spend down requirements[17] before applying for additional funds:
  - One-year-old grants (FFY 2008) must have 50% of the project funds drawn down by February 13, 2009;
  - Two years old (FFY 2007) must have 75% of the project funds drawn down; and
  - Grants three years and older must be completed and conditionally closed out.

All projects under consideration for a HOME grant award are evaluated using the following criteria:

Financial Management	200 points
Program Management	200 points
Project Planning	100 points
Capacity Determination	100 points
Total points possible	**600 points**

[17] The HOME program relaxed the spend-down requirements for open grants from 75% to 50% for one-year-old grants, 75% for two-year-old grants, and 100% for grants three years and older. At the end of the 2010 application cycle, the HOME Program will evaluate what, if any, effect reducing the spend down requirement has had on the geographic dispersion of competitive funds.

In addition, a possible **50 bonus points** are available for innovative design in energy efficiency and green building.

Applications for funding must receive at least a total 300 points and receive at least 100 Financial Management Points in order to be eligible for funding. Bonus points cannot be used to bring an application receiving less than 300 points up to a fundable level.

Specific guidelines that relate to the HOME Program competitive application process may be obtained by contacting the HOME Program or by going to the program's website **http://housing.mt.gov/Hous_HM_Apps.asp**.

Single Family Noncompetitive Program

In 2006, the HOME Program instituted a pilot program for HOME-assisted homebuyer assistance and homeowner-occupied rehabilitation activities. The goal of the pilot program was to improve equitable distribution of HOME funds throughout the state for single family activities and use this limited resource of funds in a more strategic, noncompetitive manner. The pilot program is for grantees interested in conducting homebuyer assistance (HBA) and homeowner rehabilitation (HR) programs.

There is no deadline, no application, and no scoring. Instead, cities, towns, counties, and CHDOs must submit a qualification package. At a minimum, the qualification package must include:

- A management plan that follows the template for the Single Family Noncompetitive Program;
- An environmental review for every county within which the qualified entity intends to operate. Each county must designate an Environmental Certifying Officer;
- Procedures for complying with lead based paint requirements;
- A public outreach plan for the entity's entire jurisdiction. For entities conducting homebuyer programs, the plan must include outreach to those living in public housing and manufactured housing;
- Evidence of public support from city and/or county officials within the entity's service area.

HOME Program staff reviews the qualification package within 60 days of receipt. Once an entity is qualified, it enters into a two-year contract with the MDOC and begins conducting its single-family program. An abbreviated recertification process is required every two years.

The HOME Program allocated the funds to eleven districts of counties by using a formula based on county population and age of housing. The funds are reserved for use in each District for a limited time. The 2006 funds were reserved for each district for 18 months, until December 1, 2007, to allow time for program startup. Beginning with 2007, funds were reserved for 12 months. Once an entity is qualified, it can access the funds reserved for the District in which it operates. After the end of the reservation period,

unobligated funds are made available to any qualified entity on a statewide basis until obligated.

The pilot program was set up as a three-year pilot project, with the MDOC evaluating the effectiveness of the project at the end of the first two years. Options the MDOC considered during the evaluation process included:

- continuing the program as it was originally set up;
- eliminating the program; or
- **continuing the program with modifications.**

Based on its evaluation of program, the MDOC believes the program, now known as the Single Family Noncompetitive Program, serves a valuable function for Montana's lower-income households and proposes that the program continue with some modifications.

Single Family Noncompetitive Program Changes

The HOME Program will allocate the SFNP funds throughout the state by using a formula to divide funds into four districts of counties rather than the original 11. The allocation formula was also modified to add a factor to reflect the commitment of the prior two years' funds. (See table on page 47.) For the 2009 program year, the single family set-aside is estimated at $1,178,824, approximately one-third of the program's annual allocation from HUD, rather than one-half (see following calculation).

Annual Allocation	
2009 Annual Allocation	**$ 4,715,298**
Less:	
10% for MDOC operations	$ 471,530
15% (minimum) for CHDO set aside (competitive)	$ 707,295
Balance	**$ 3,536,473**
2/3 to Competitive Grants	$ 2,357,649
1/3 to **Single Family Allocation Program**	**$ 1,178,824**

Beginning with program year 2009, funds are reserved for each of the four districts for 12 months from the time MDOC received its HOME allocation from HUD. At the end of the 12-month period, uncommitted funds will become available to any qualified entity on a statewide, first-come first-serve basis for an additional six months. At the end of the six-month period, any uncommitted funds would be reallocated to the next **competitive grant application pool**. Following is a sample timeline for the change:

Funds available for allocation and reserved to individual districts .....Jun. 1, 2009

Unobligated funds available statewide .....Jun. 1, 2010
(12 months after the funds first become available)

Remaining unobligated funds released to competitive grant pool ..... Dec. 1, 2010
(6 months after the funds become available statewide in District 1)

Competitive grant applications due..... Feb. 11, 2011

Single Family Noncompetitive Program Basics

For HBA projects, a qualified entity may reserve funds for up to 120 days for existing homes and 180 days for homes being constructed. This follows the MBOH standard for single-family mortgages. Similarly, funds may be reserved for up to 180 days for HR projects based on the experience of previous HR programs.

The HOME Program reserves funds for a specific homebuyer or homeowner once an entity submits a completed set-up report. Upon receiving the set-up report, the HOME Program reserves funds from the applicable district's pool of funds for the specific homebuyer or homeowner. Entities then have 120/180 days to draw funds, complete the transaction, and submit a completion report. The 120/180-day deadline is to prevent entities from reserving funds before the funds are actually needed. These deadlines are from the time a participant has been identified and qualified to participate in the program and the set-up report has been completed to the time the transaction is completed; not from the time funds are available from the HOME program.

There is a 5% match requirement for each individual homebuyer or homeowner assisted. Entities may collect administration fees as soft costs; a fee not to exceed 12% for HR programs and a flat fee of up to $1,500 for HBA programs. All soft costs must be actual, documented costs directly related to providing HOME funds for the assisted household.

Additional information on the Single Family Noncompetitive Program, including information on how an entity can become qualified for the program may be obtained on the website at **http://housing.mt.gov/Hous_HM_SF.asp**.

American Dream Downpayment Initiative Funds

ADDI funds were not included in HUD's annual allocation to the state of Montana for Program Year 2009

Program Income and Recaptured Funds

The HOME Program expects that an undetermined amount of program income[18] and recaptured funds[19] will be generated from previously awarded grants. HOME grantees with an approved program income plan are allowed to retain any program income and recaptured funds generated and use the funds for HOME-eligible activities.

[18] **Program income** is the gross income received which is directly generated from the use of HOME funds, including HOME program income (24 CFR 92.2).

[19] **Recaptured funds** are HOME funds that are recouped when HOME assisted homeownership housing does not continue to be the principal residence of the assisted homebuyer for the full affordability period required by 24 CFR 92.254(a)(4). Recaptured funds represent a return of the original HOME investment.

- If program income or recaptured funds are earned by a grantee before closeout of a project, it must be added to funds committed to the project and used to support eligible activities before the grantee can request an additional drawdown of funds.
- If a grantee previously received a HOME award for a project that has not been closed out and they receive an additional HOME award at a later date, the program income or recaptured funds from the earlier project must be expended on eligible activities under the new project before the grantee can request funds from its new grant allocation.
- If a grantee receives any program income or recaptured funds after project completion and grant closeout, these funds must be reported on a quarterly basis to the HOME Program and may be used for additional HOME eligible activities, according to the terms of the grant closeout agreement and approved program income plan.

EMERGENCY SHELTER GRANT PROGRAM

Emergency Shelter Grants, administered by the MDPHHS Intergovernmental Human Services Bureau, help improve the quality of existing emergency shelters for the homeless, make additional shelters available, meet the costs of operating shelters, and provide essential social services to help prevent homelessness. The 10 regional Human Resource Development Councils receive 95% of the grant funds. (See table on page 47.) The MDPHHS retains the remaining 5% for administrative costs. The grants fund the renovation, rehabilitation, or operating costs of homeless shelters, and provide follow-up and long-term services to help homeless persons escape poverty. The regional HRDCs determine which shelters are assisted and the services delivered.

Montana's ESG Program distributes funds to each HRDC based upon a formula allocation contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the Community Services Block Grant. The amount of funds allocated is based on poverty levels and general population in each service area, relative to the poverty and general population of the entire state. All HRDCs will submit work plans, budgets, and reports outlining which of the allowable activities will be undertaken.

V. ALLOCATION PRIORITIES AND GEOGRAPHIC DISTRIBUTION OF FUNDS

Montana is the fourth largest state, encompassing more than 145,000 square miles (see map on page 48); 607 square miles more than Maine, South Carolina, West Virginia, Maryland, Hawaii, Massachusetts, Vermont, New Hampshire, and Delaware combined. Coupled with the declining population in the eastern part of the state and the significant increase in the western part of the state[20], housing and community development needs

[20] *Economic and Demographic Analysis of Montana, Volume II Demographic Analysis*, Montana Department of Commerce, December 2007; **http://housing.mt.gov/Includes/CP/Docs&Rpts/CP_E&D-Vol-II_12-07.pdf**

vary widely across the state. The extreme diversity in the available infrastructure and housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs.

Developed from local input across the state, the priority needs outlined in the 2005-2010 Consolidated Plan[21] address a variety of needs for affordable housing, and community and economic development. The plan represents a wide array of needs; while one community may need rental housing production at a particular site, another community may need homeowner rehabilitation over scattered sites. For the state to address its community needs, the three formula grant programs need a level of flexibility for eligible activities to be undertaken.

The limited availability of resources and the extent of community development and housing needs requires each of the three formula grant programs to develop its own methods to address priority needs and geographic distribution. More importantly, the state firmly believes that **it is up to each locality, through detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need.** The state reserves the right to make a determination of local need based on local analyses, studies, and needs assessments, which may override the state's priority level for any given activity identified in the Consolidated Plan.

GEOGRAPHIC DISTRIBUTION

The geographic distribution for each formula grant program will be different due to the difference in each program and the federal regulations governing them. The state does not target any specific area of the state, including areas of low-income and minority concentration (see maps on pages 53 through 54).

The following is a summary of each program's geographic distribution system.

Community Development Block Grant Program

Montana's general-purpose local governments (126 towns and cities under 50,000 in population and 56 counties) are eligible applicants for CDBG funds (see map, page 49). Montana's three entitlement cities, Billings, Great Falls, and Missoula are not eligible to apply for state CDBG funding since they receive their own CDBG funds from HUD.

Housing and Neighborhood Renewal and Public Facility Categories

Funds distribution for the CDBG **housing and neighborhood renewal** and the **public facility** categories is based on annual grant competitions. The maximum grant request in each category is $450,000. Existing grantees must significantly drawdown their prior award(s) before they are eligible to apply for additional program funds. Each local government may apply for one housing and neighborhood renewal project and one public facility project and one planning grant each program year.

[21] Available at: **http://housing.mt.gov/Hous_CP_Apps.asp**

Recently, due to funding cuts to the CDBG program, the program was not able to fully fund some of the higher-scoring public facility projects. Beginning with the plan year 2008 housing and public facility competitions, applicants who were partially funded in the previous grant competition will be able to apply one time for the remaining unfunded CDBG grant balance in the next successive grant application cycle. The total funds awarded cannot exceed the original grant request. If successful, funding for the project would then come from two successive CDBG plan years. If unsuccessful, the partially funded grant recipient would have to meet the standard project start-up requirements.

Grant applications for the CDBG **public facility renewal** categories for FFY 2009 were accepted in FFY 2008. The following table and the map on page 51 depict the geographic distribution the applications received for FFY 2009 funds for the public facility category.

FFY 2009 CDBG Public Facilities Competition
Application Deadline: May 23, 2008

Applicant	Type of Project	CDBG Funds Requested	CDBG Funds Awarded*	Estimated Total Project Cost	Community Information (Proposed)		
					Population Served	# of Hseholds	Benefit to LMI Hseholds
Cascade, Town of	Water system improvements - phase II	$ 450,000	$ 450,000	**$ 1,403,000**	852	357	57%
Chouteau County (Big Sandy Activities, Inc.)	Construction of new facility	$ 450,000	$ 450,000	**$ 1,254,848**	21	21	100%
Hamilton, City of	Wastewater treatment improvements	$ 450,000	$ 450,000	**$ 3,937,000**	4,520	1,659	53%
Madison County	Renovation & expansion of Tobacco Root Mountains Care Center/Sheridan	$ 450,000	$ 450,000	**$ 2,183,607**	36	36	81%
Malta, City of	Renovation & expansion of the Hi-Line Retirement Center	$ 450,000	$ 450,000	**$ 4,897,250**	62	62	73%
Neihart, Town of	Water system improvements	$ 264,000	$ 264,000	**$ 612,000**	91	44	60%
Hill County (Rudyard)	Wastewater	$ 255,200	$ 255,200	**$ 648,000**	275	61	52%
Judith Gap, Town of	Water and sewer improvements	$ 207,035	$ 207,035	**$ 1,668,000**	145	61	83%
Broadview, Town of	Water improvements	$ 450,000	$ 0	**$ 1,224,000**	150	64	55%
Dutton, Town of	Wastewater system improvements	$ 450,000	$ 0	**$ 1,782,000**	389	148	51%
Eureka, Town of	Water supply & distribution system improvements	$ 450,000	$ 0	**$ 1,785,000**	1,157	550	92%
Harlowton, Town of	Water system improvements	$ 450,000	$ 0	**$ 1,408,778**	1,062	496	56%
Kevin, Town of	Water system improvements	$ 450,000	$ 0	**$ 1,261,000**	178	83	60%
Lake County (Jette Meadows)	Water supply improvements	$ 308,490	$ 0	**$ 2,833,490**	300	120	100%

Applicant	Type of Project	CDBG Funds Requested	CDBG Funds Awarded*	Estimated Total Project Cost	Community Information (Proposed)		
					Population Served	# of Hseholds	Benefit to LMI Hseholds
Missoula County (Seeley Lake)	Wastewater system improvements	$ 450,000	$ 0	**$ 8,860,000**	1,436	312	73%
Ronan, City of	Water supply improvements	$ 450,000	$ 0	**$ 5,546,000**	2,000	88	56%
Stevensville, City of	Water improvements	$ 450,000	$ 0	**$ 3,970,000**	1,732	652	54%
Teton County (Bynum)	Water supply/facility	$ 195,000	$ 0	**$ 1,450,000**	45	17	58%
Troy, City of	Water distribution improvements	$ 450,000	$ 0	**$ 2,100,000**	1,114	560	62%
Winifred, Town of	Wastewater collection improvements	$ 450,000	$ 0	**$ 1,352,500**	156	69	67%
Total CDBG Funds Requested		**$ 7,979,725**					
Total CDBG Funds Awarded			**$ 2,976,235**				
FFY 2009 CDBG Funds Available			**$ 3,180,599**				
* Pending final approval of Director Anthony Preite, Montana Department of Commerce.							

Applications for the FFY 2009 **housing and neighborhood renewal** grant funds were accepted on February 6, 2009 and four applications were received. However, given the competitive process for allocating the limited amount of funds, the state cannot predict the ultimate geographic distribution of the housing and neighborhood renewal grant assistance. See the map on page 52 for the geographic distribution of the FFY 2008 housing and neighborhood renewal grants. See the following table for a list of the 2009 applications received on February 6.

FFY 2009 Housing and Neighborhood Renewal Competition
Application Deadline: February 6, 2009

Local Government	Type of Project	Amount Requested	Total Project Cost
City of Baker	Housing Rehabilitation & Demolition	$ 450,000	$ 872,183
Rosebud County	Assisted Living Housing Project	$ 450,000	$ 1,688,000
Missoula County, on behalf of Mountain Home Montana, Inc.	Construct 5-unit Apartment Building for Single - Parent Households	$ 450,000	$ 2,041,933
City of Whitefish, on behalf of Whitefish Housing Authority	Homeownership Program	$ 350,000	$ 2,411,873
	Total Amount Requested:	**$ 1,700,000**	**$ 7,013,989**
	Funding Available:	**$ 950,049**	

The Community Development Division distributes the **planning grant** funds through a competitive application process. The maximum planning grant ceiling is $20,000 for the plan year. Applications for the FFY 2009 planning grant funds will be accepted April 17, 2009 and awarded in June 2009; therefore, the state cannot predict the ultimate geographic distribution of the planning grant assistance. See the map on page 51 for the FFY 2008 public facility and housing and neighborhood renewal planning grants awarded.

Economic Development Category

The **economic development** component of the CDBG Program, which receives one-third of the annual allocation to the state of Montana, accepts applications on a continuous cycle until all funds are committed. Since the state distributes economic development funds through a first-come, first serve process throughout the year, it cannot predict the ultimate geographic distribution of the assistance. See the map on page 50 for the FFY 2008 distribution of CDBG ED grant funds to date.

CDBG Grant Application Deadlines

FFY 2009 CDBG Grant Application Deadlines	
Public Facilities Grants Grant Announcement	05/23/2008 03/20/2009
Housing & Neighborhood Renewal Grants Grant Announcement	02/07/2009 05/2009
Planning Grants-Housing & Neighborhood Renewal and Public Facilities Grant Announcement	04/17/2009 06/2009
Economic Development Grants	Open Cycle
FFY 2010 CDBG Grant Application Deadlines	
Public Facilities Grants Grant Announcement	05/22/2009 10/2009
Housing & Neighborhood Renewal Grants Grant Announcement	11/06/2009 02/2010
Planning Grants-Housing & Neighborhood Renewal and Public Facilities Grant Announcement	04/2010 07/2010
Economic Development Grants	Open Cycle

Home Investment Partnerships Program

Eligible applicants to Montana's HOME Program include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), CHDOs certified by the MDOC, and Montana public housing authorities. Generally, the cities of Billings, Great Falls, and Missoula, and the CHDOs and PHAs operating within their boundaries, are not eligible to apply.

Competitive Grants

Approximately two-thirds (2/3) of the HOME Program's annual funding will be allocated to competitive grants. During the initial grant competition, the cities of Billings, Great Falls, and Missoula, and the CHDOs and PHAs operating within their boundaries, are not eligible to apply. If any HOME funds are not awarded due to insufficient applications meeting the minimum funding threshold, the remaining funds may be awarded through a second round of competition. If a second round of competition is held, it is open to all local governments (including Billings, Great Falls, and Missoula), CHDOs, and PHAs within the state. However, a second round of competition was not being held for the unallocated 2008 competitive funds; instead, those funds are being rolled into the 2009

grant competition. Therefore, the 2009 competition will be open to the entitlement cities and the MDOC-certified CHDOs and PHAs operating within those cities one time only.

Competitive grant applications for FFY 2009 funds are due on February 13, 2009, with funding announcements expected approximately two to three months later; therefore, the state cannot predict the ultimate geographic distribution of the 2009 grant funds. See the map on page 49 for the FFY 2008 distribution of HOME competitive grant funds.

Noncompetitive Grants

The remainder of HOME Program's annual funding is allocated non-competitively through the Single Family Noncompetitive Program. The pilot program is an allocation of HOME funds for **homebuyer assistance** and **homeowner rehabilitation** activities throughout the state. The funds are distributed by formula among four districts of the state (see table). However, the final geographic distribution of the funds is not certain since funds within any given district may not be fully committed and any uncommitted FFY 2009 funds remaining within a given district after the specified time period can be accessed by any qualified entity within the state on a first-come, first-serve basis.

2009 Single-Family Noncompetitive Program Allocation

District	Geographic Area (Counties)	Estimated Funds Available
1	**Montana (all counties)**	
2	Blaine, Carter, Custer, Daniels, Dawson, Fallon, Garfield, Hill, Liberty, McCone, Phillips, Powder River, Prairie, Richland, Roosevelt, Rosebud, Sheridan, Treasure, Valley, & Wibaux	$ 217,841
3	Big Horn, Carbon, Cascade (excluding City of Great Falls), Chouteau, Fergus, Glacier, Golden Valley, Judith Basin, Musselshell, Petroleum, Pondera, Stillwater, Sweet Grass, Teton, Toole, Wheatland, & Yellowstone (excluding City of Billings)	$ 220,298
4	Broadwater, Jefferson, Lewis and Clark, Gallatin, Meagher, Park, Flathead, Lake, Lincoln, & Sanders	$ 447,754
5	Mineral, Missoula (excluding City of Missoula), Ravalli, Beaverhead, Deer Lodge, Granite, Madison, Powell, & Silver Bow	$ 292,934
Total Estimated FFY 2009 Funds Available		**$1,178,827**

Emergency Shelter Grant Program

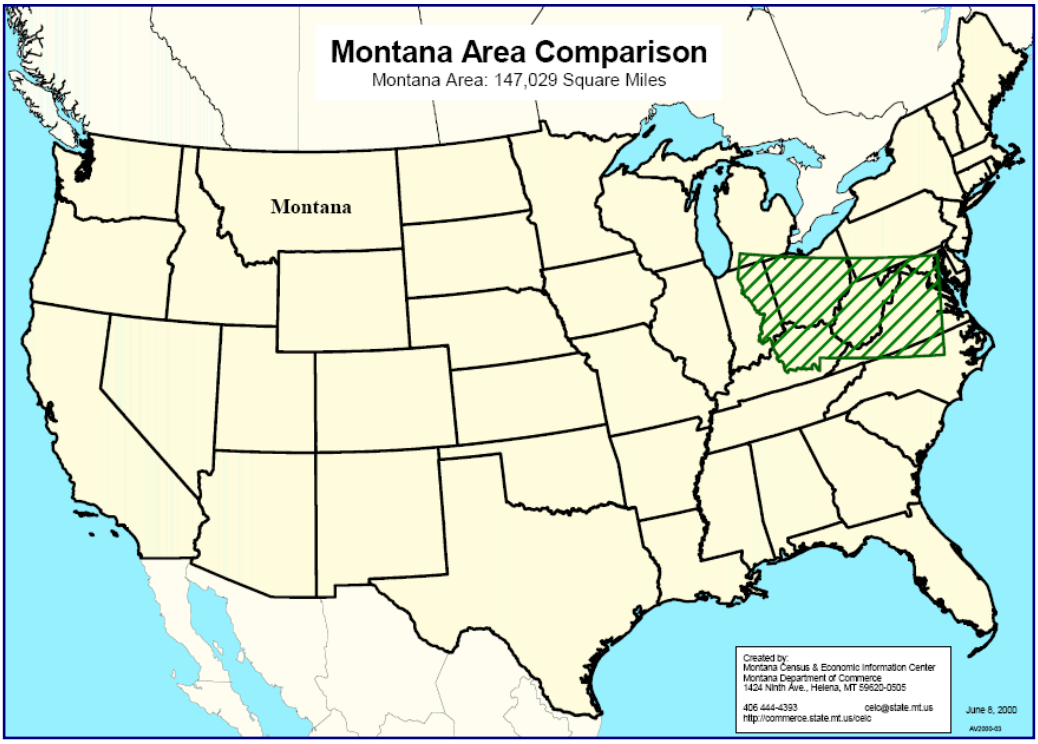
Ninety-five percent of the ESG funds received will be allocated to the 10 regional Human Resource Development Councils in Montana (see the following table and the map on page 52). Funds are distributed based on a formula allocation, reflecting areas of poverty and general population, contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the Community Services Block Grant.

ESTIMATED Geographic Distribution -- ESG Program

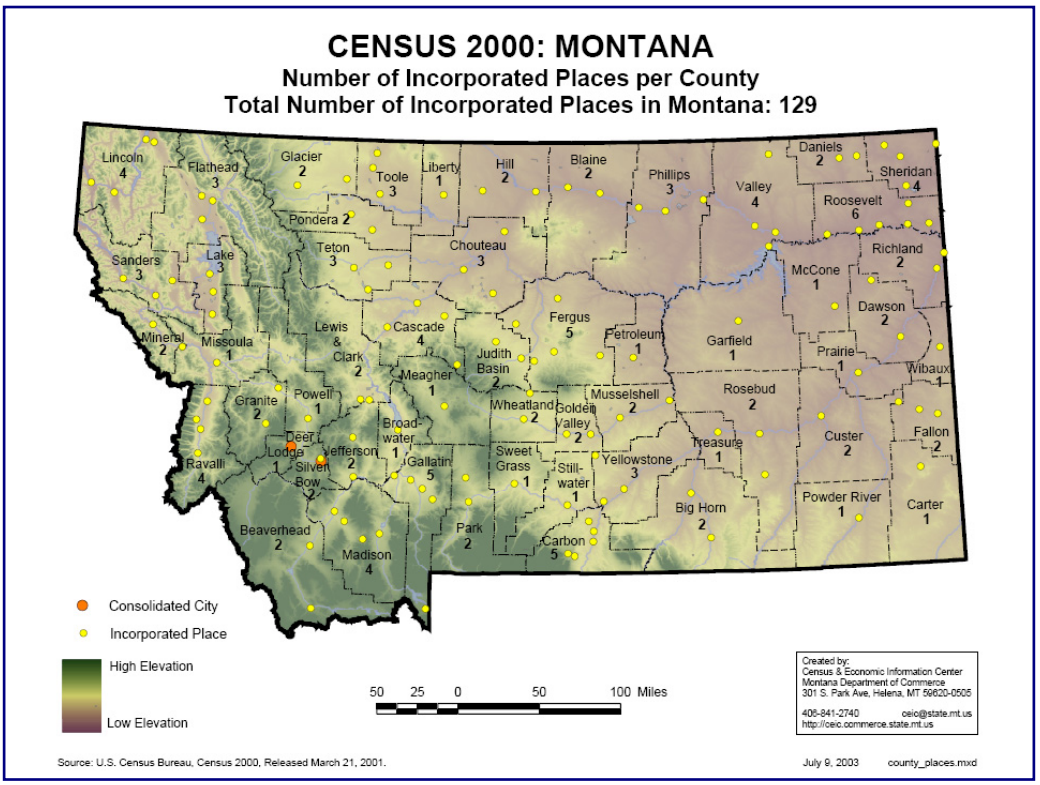
HRDC District	Allocation		Counties Served
	%	$	
DIST I, II, III (AEM)	10.1%	$ 38,264	Carter, Custer, Daniels, Dawson, Fallon, Garfield, McCone, Phillips, Powder River, Prairie, Richland, Roosevelt, Rosebud, Sheridan, Treasure, Valley, Wibaux
DIST IV	3.5%	$ 13,403	Blaine, Hill, Liberty
DIST V (Opp., Inc.)	13.6%	$ 51,824	Cascade, Chouteau, Glacier
DIST VI	2.8%	$ 10,583	Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, Wheatland
DIST VII	16.8%	$ 63,980	Big Horn, Carbon, Stillwater, Sweet Grass, Yellowstone
DIST VIII (RMDC)	6.7%	$ 25,610	Broadwater, Jefferson, Lewis & Clark
DIST IX	8.8%	$ 33,502	Gallatin, Meagher, Park
DIST X (NMHR)	14.9%	$ 56,508	Flathead, Lake, Lincoln, Sanders
DIST XI	15.0%	$ 57,076	Mineral, Missoula, Ravalli
DIST XII	7.8%	$ 29,523	Beaverhead, Deer Lodge, Granite, Madison, Powell, Silver Bow
	100.0%	**$ 380,273**	

MAPS

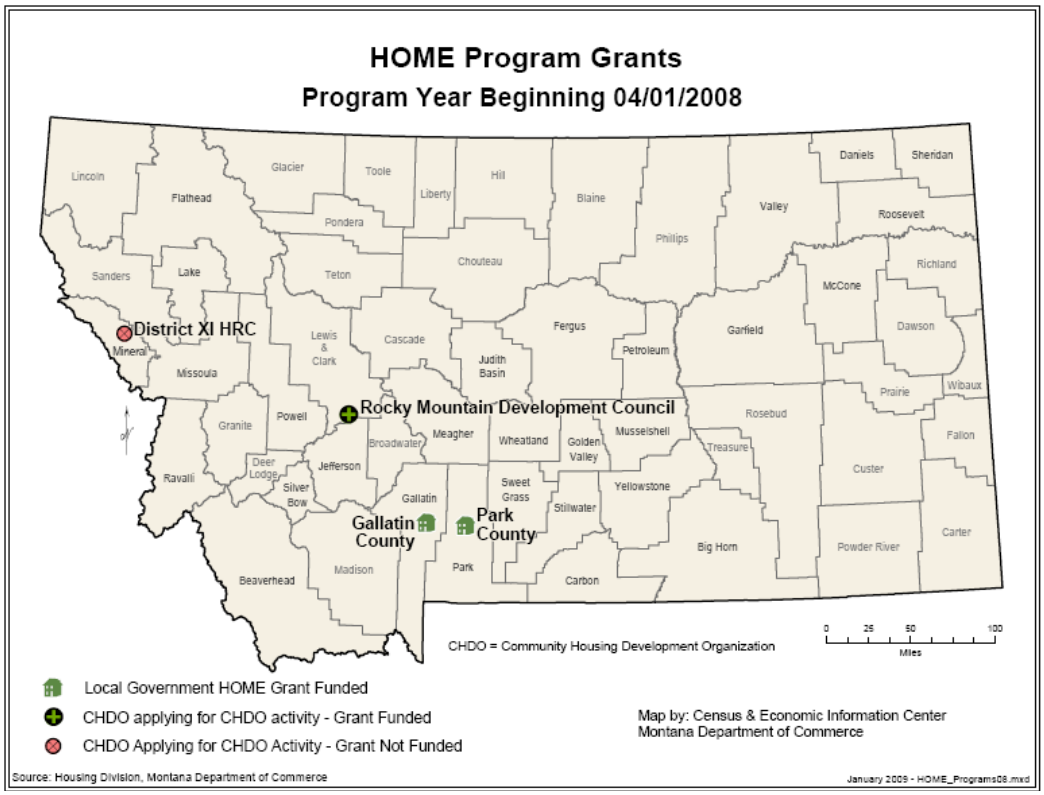
Montana Area Comparison



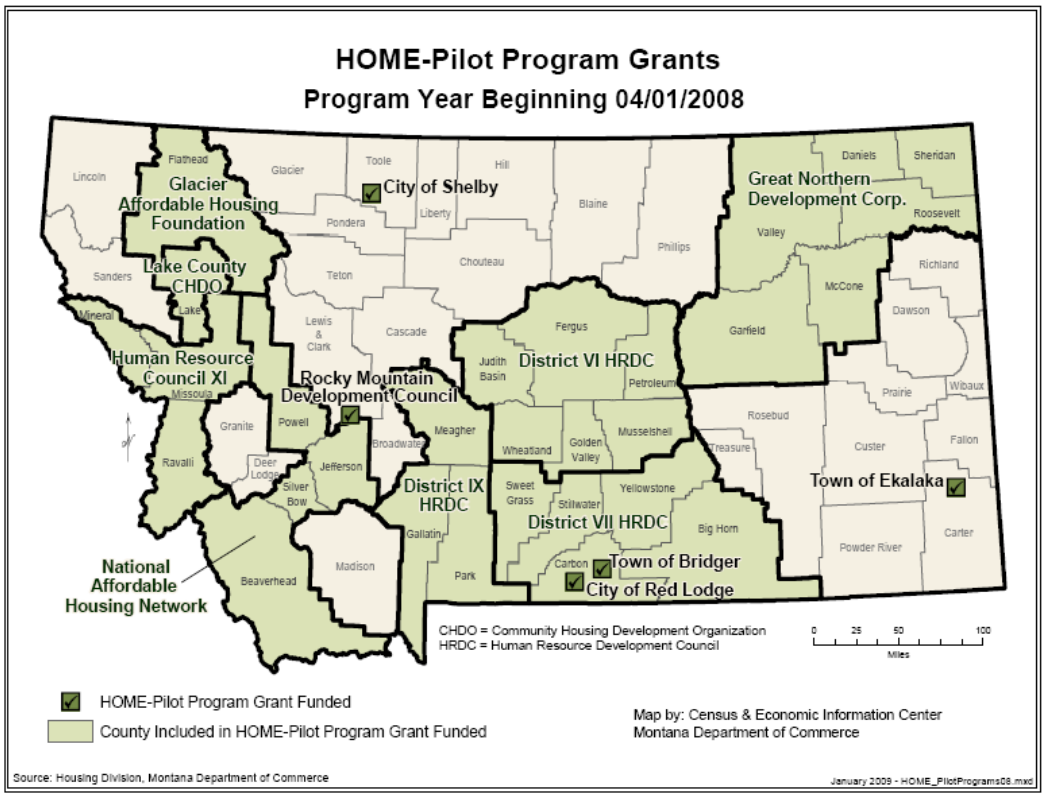
Number of Incorporated Places per County



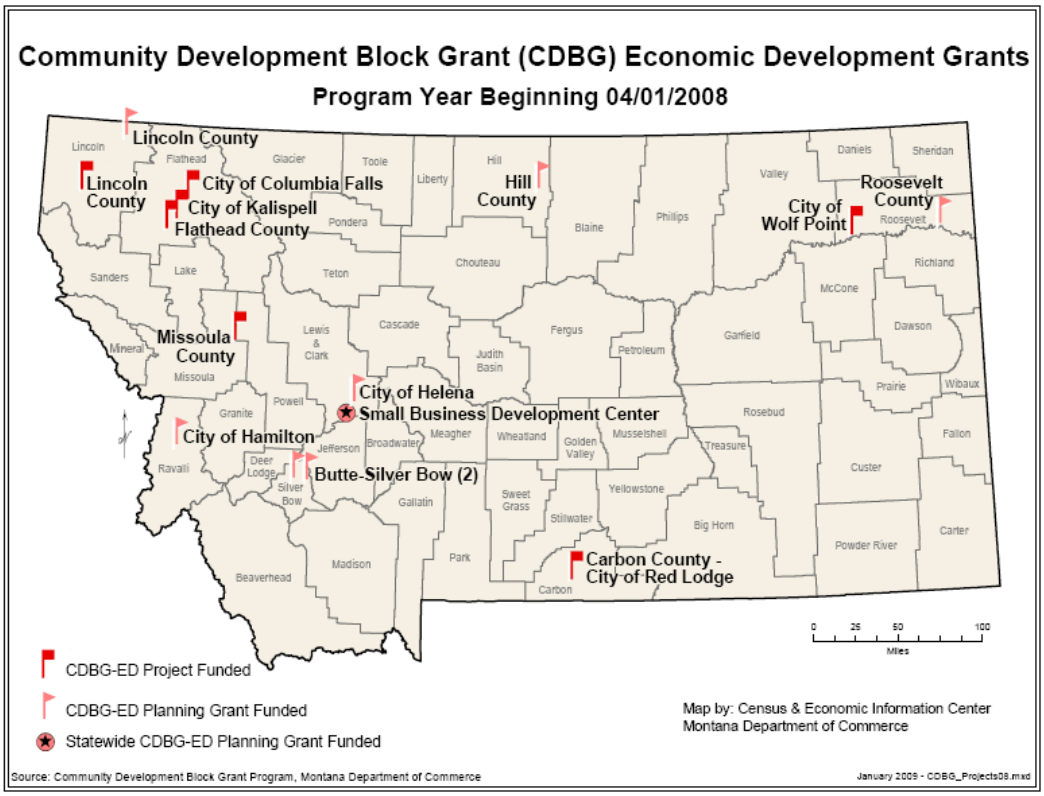
HOME Program Grants, including ADDI – Program Year Beginning 04/01/08



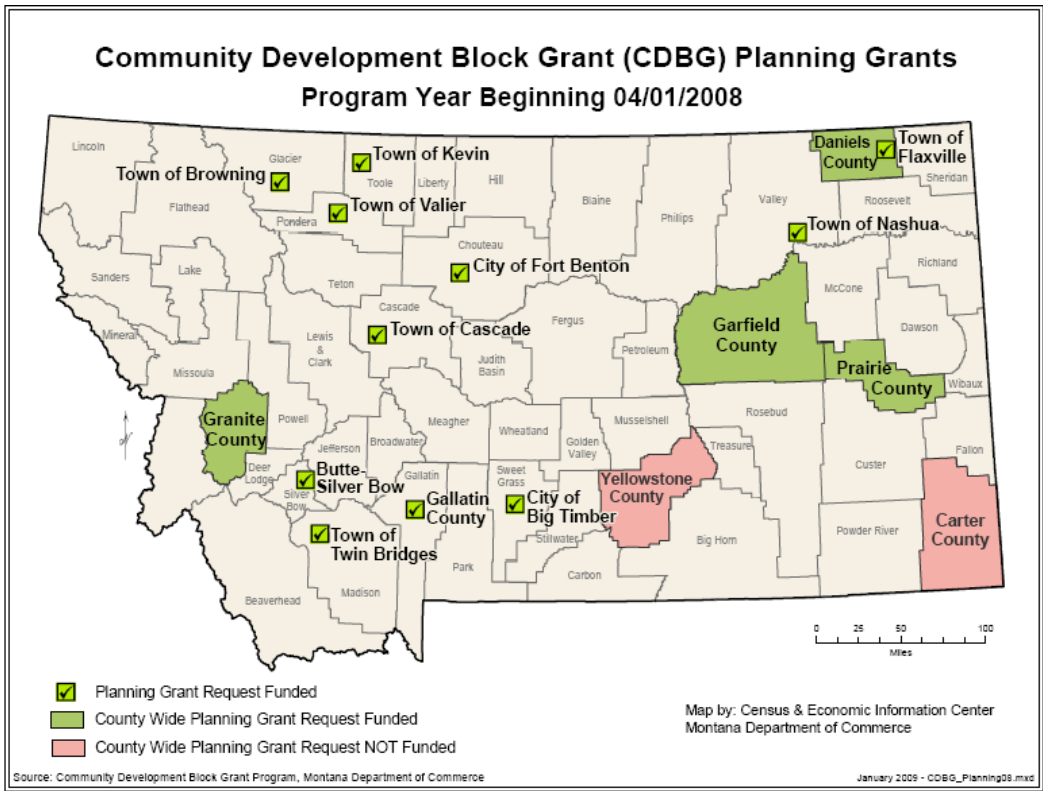
HOME Pilot Program Grants/Qualified Entities – Program Year Beginning 04/01/08


HOME-Pilot Program Grants
Program Year Beginning 04/01/2008
Glacier Affordable Housing Foundation
City of Shelby
Great Northern Development Corp.
Lake County CHDO
Human Resource Council XI
Rocky Mountain Development Council
District VI HRDC
District IX HRDC
District VII HRDC
Town of Ekalaka
Town of Bridger
City of Red Lodge
National Affordable Housing Network
CHDO = Community Housing Development Organization
HRDC = Human Resource Development Council
HOME-Pilot Program Grant Funded
County Included in HOME-Pilot Program Grant Funded
Map by: Census & Economic Information Center
Montana Department of Commerce
Source: Housing Division, Montana Department of Commerce
January 2009 - HOME_PilotPrograms08.mxd

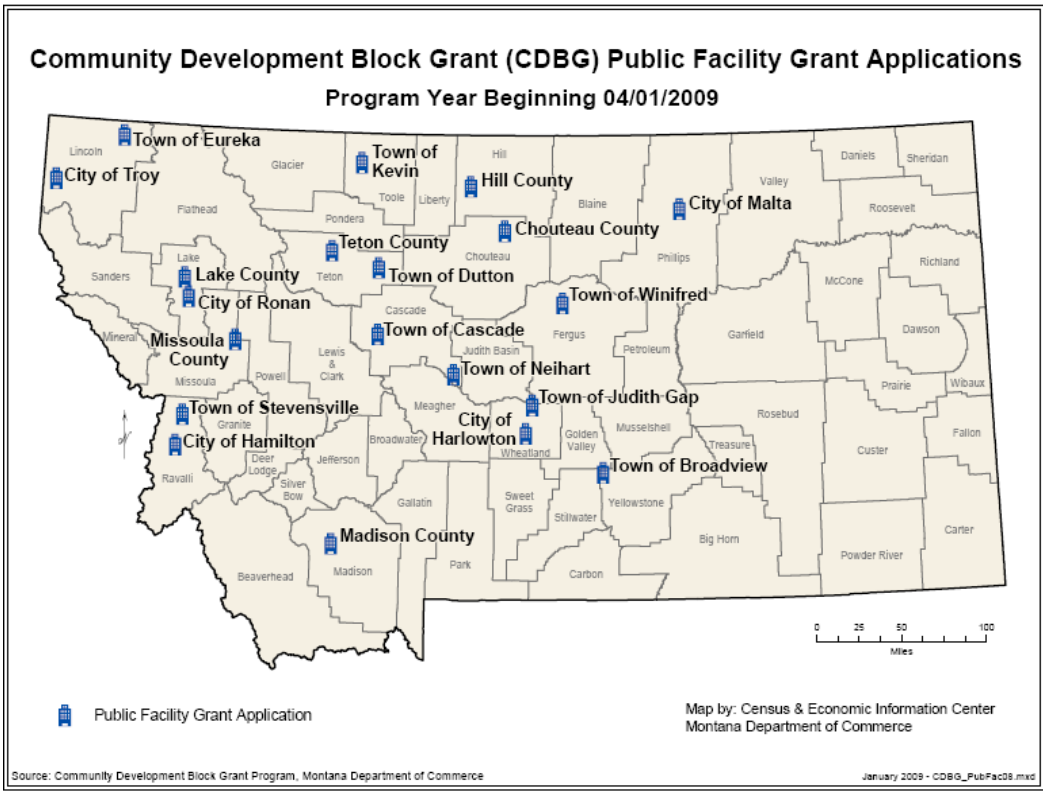
CDBG Economic Development Grants – Program Year Beginning 04/01/08


Community Development Block Grant (CDBG) Economic Development Grants
Program Year Beginning 04/01/2008
Lincoln County
Lincoln County
City of Columbia Falls
City of Kalispell
Flathead County
Hill County
City of Wolf Point
Roosevelt County
Missoula County
City of Helena
Small Business Development Center
City of Hamilton
Butte-Silver Bow (2)
Carbon County - City of Red Lodge
CDBG-ED Project Funded
CDBG-ED Planning Grant Funded
Statewide CDBG-ED Planning Grant Funded
Map by: Census & Economic Information Center
Montana Department of Commerce
Source: Community Development Block Grant Program, Montana Department of Commerce
January 2009 - CDBG_Projects08.mxd

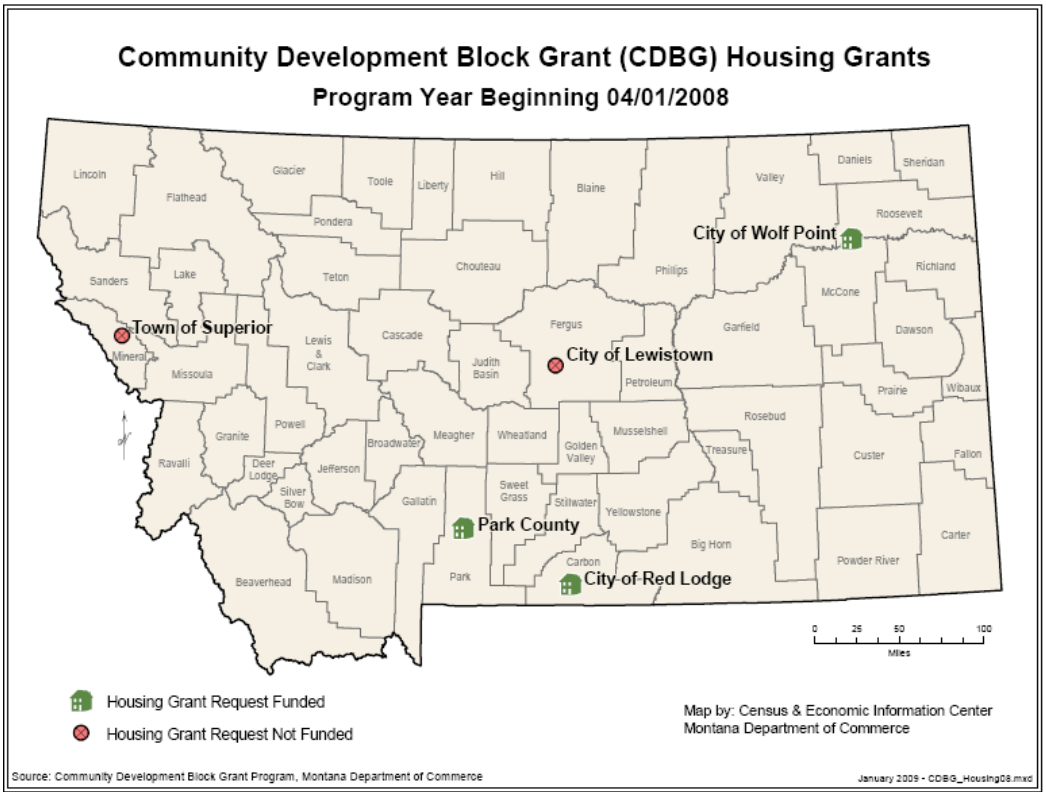
CDBG Planning Grants – Program Year Beginning 04/01/08



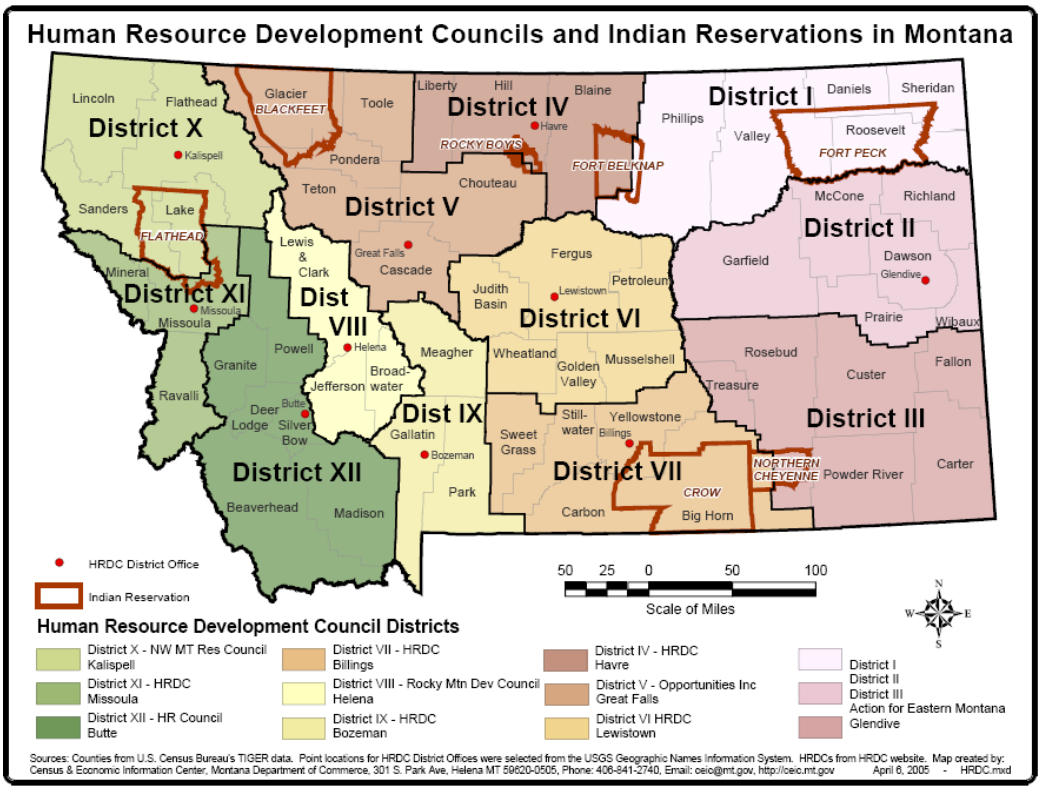
CDBG Public Facilities Grants – Program Year Beginning 04/01/09



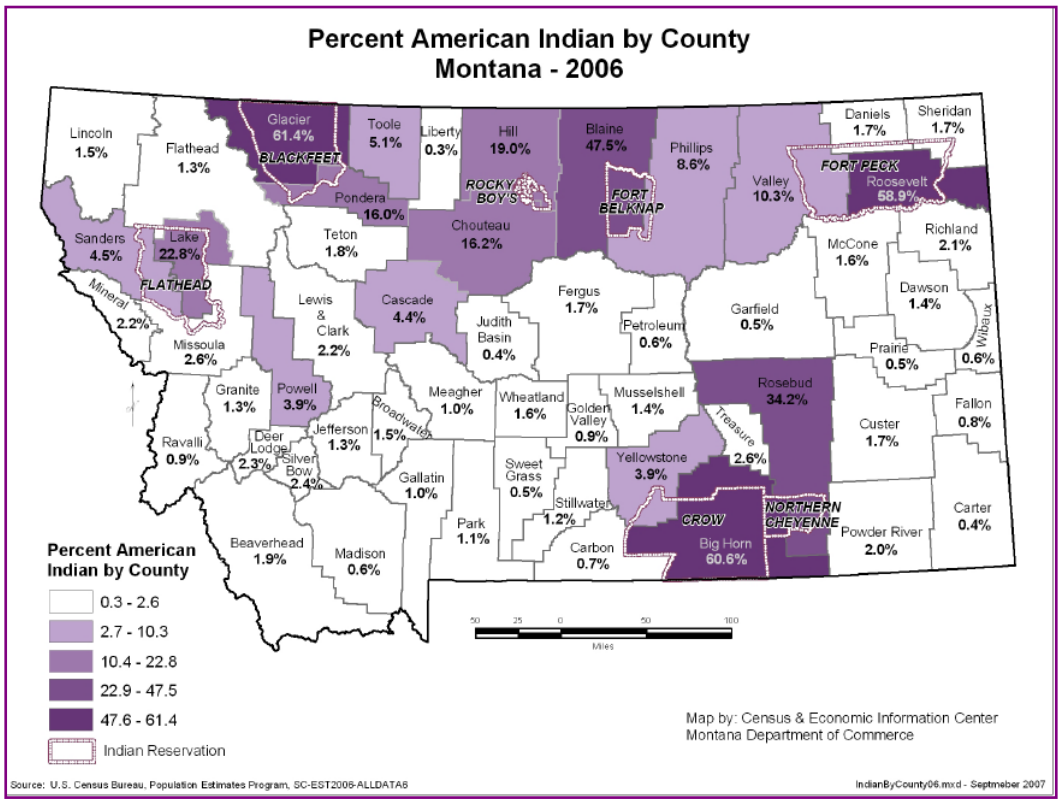
CDBG Housing Grant Applications – Program Year Beginning 04/01/08


Community Development Block Grant (CDBG) Housing Grants
Program Year Beginning 04/01/2008
City of Wolf Point
Town of Superior
City of Lewistown
Park County
City of Red Lodge
Housing Grant Request Funded
Housing Grant Request Not Funded
Map by: Census & Economic Information Center
Montana Department of Commerce
Source: Community Development Block Grant Program, Montana Department of Commerce
January 2009 - CDBG_Housing08.mxd

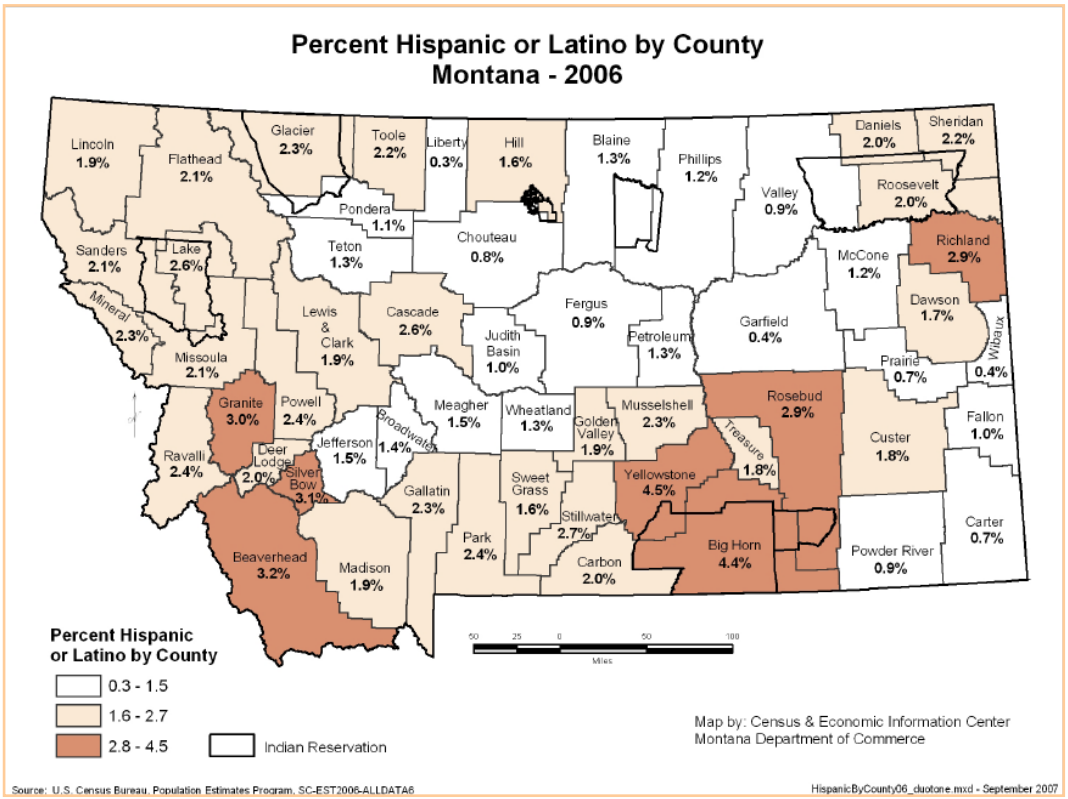
Human Resource Development Councils in Montana



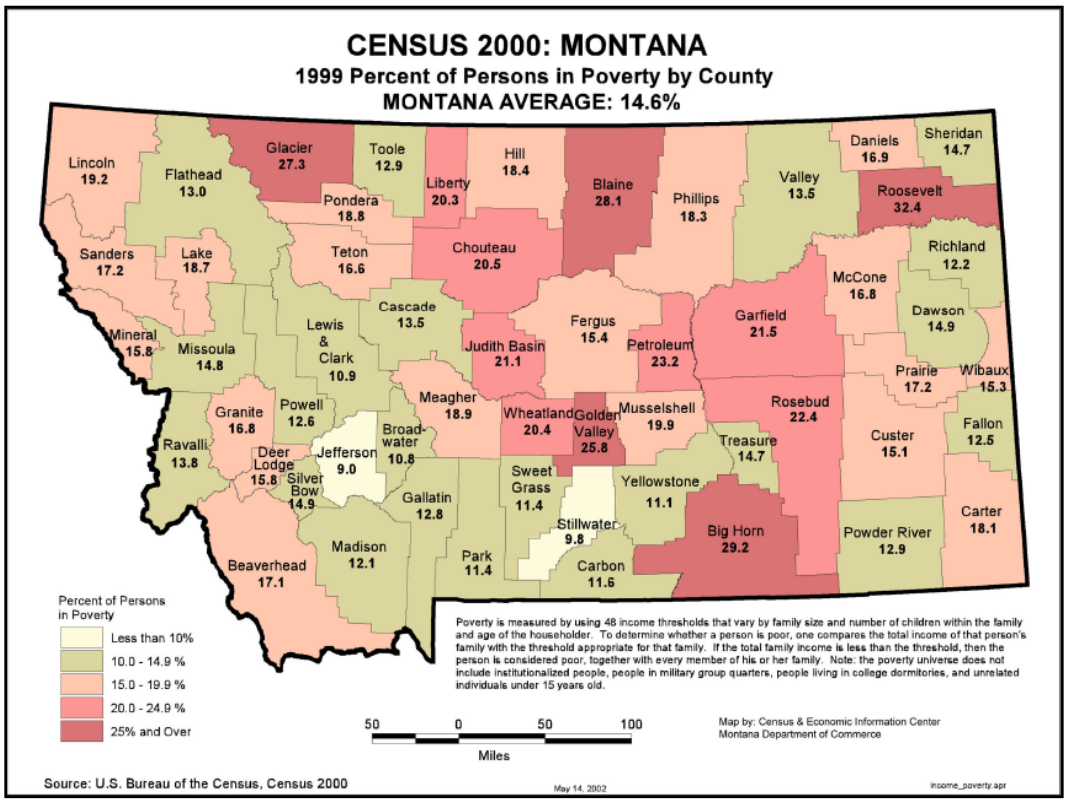
Montana Native American Concentration by County – 2006



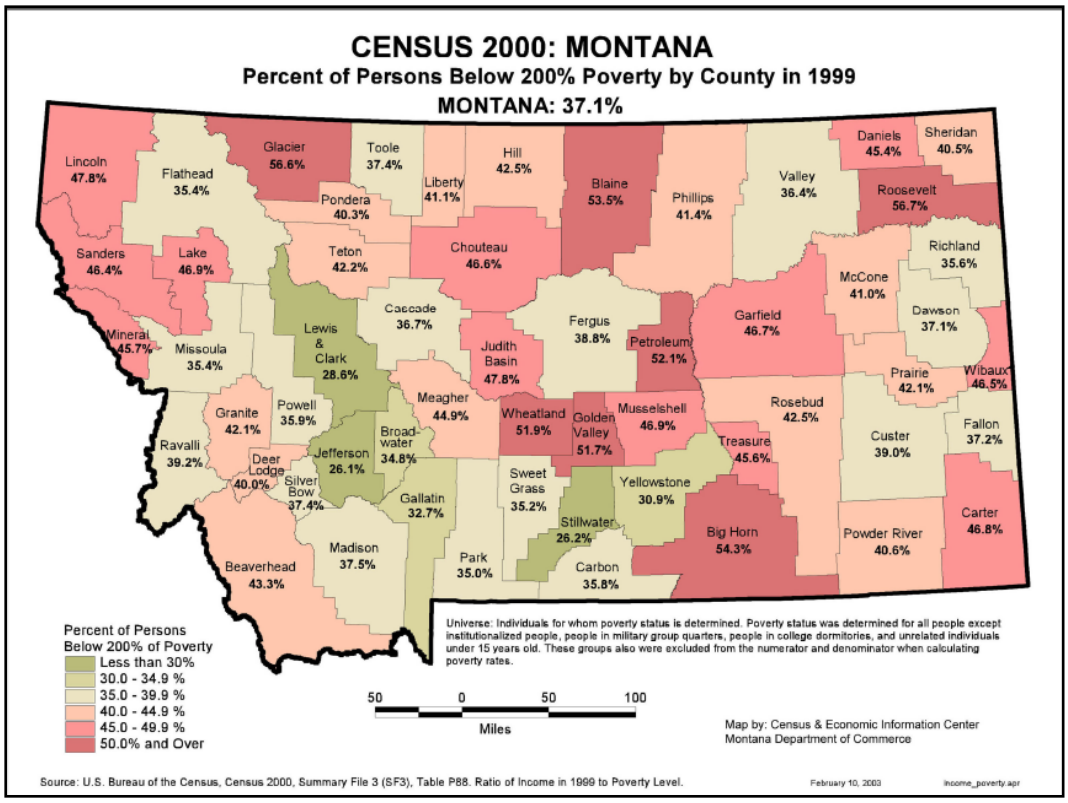
Montana Hispanic Concentration by County – 2006



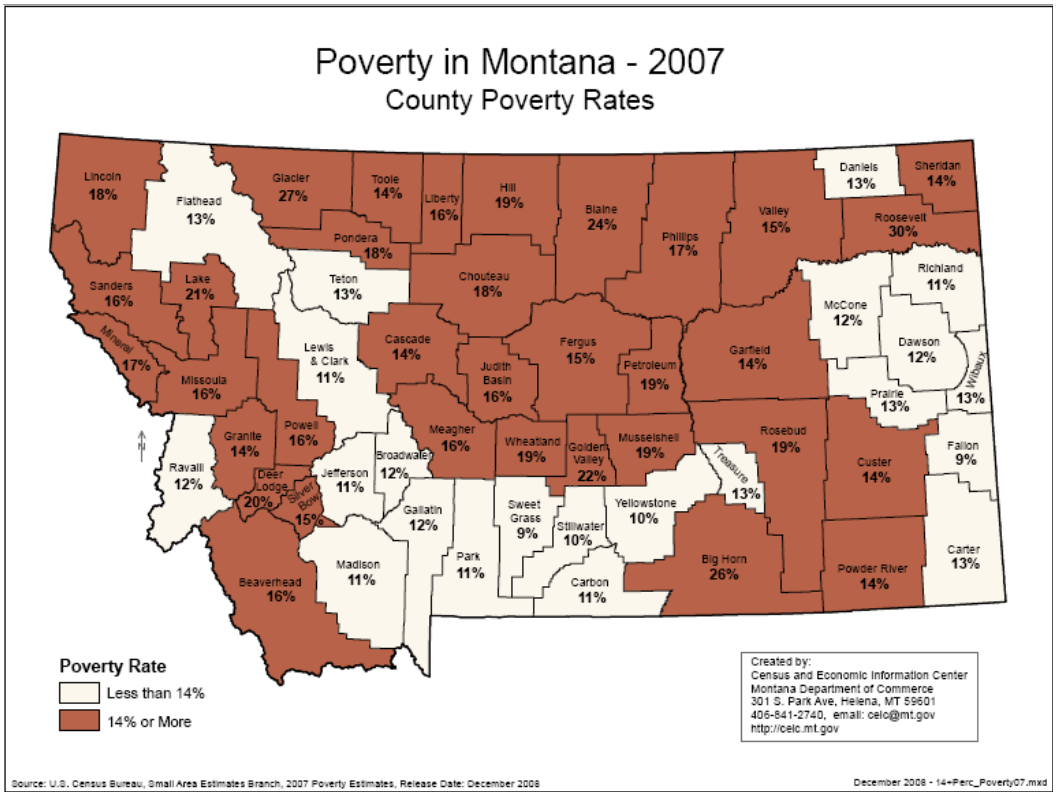
1999 Percent of Persons in Poverty by County



Percent of Persons Below 200% Poverty by County in 1999



Poverty in Montana – 2007 County Poverty Rates



VI. ANNUAL AFFORDABLE HOUSING GOALS

STATE TABLE 3B
ANNUAL HOUSING COMPLETION GOALS

	Annual Number Expected Units To Be Completed	Resources used during the period		
		CDBG	HOME	ESG
ANNUAL AFFORDABLE RENTAL HOUSING GOALS (SEC. 315)				
Acquisition of existing units	2	☒	☒	
Production of new units	30	☒	☒	
Rehabilitation of existing units	45	☒	☒	☐
Rental Assistance	30	☐	☒	
Total Sec. 215 Affordable Rental	**107**	☒	☒	☐
ANNUAL AFFORDABLE OWNER HOUSING GOALS (SEC. 315)				
Acquisition of existing units	0	☐	☐	
Production of new units	0	☐	☐	
Rehabilitation of existing units	30	☒	☒	
Homebuyer Assistance	75	☒	☒	
Total Sec. 215 Affordable Owner	**105**	☒	☒	☐
ANNUAL AFFORDABLE HOUSING GOALS (SEC. 315)				
Acquisition of existing units	2	☒	☒	
Production of new units	30	☒	☒	
Rehabilitation of existing units	75	☒	☒	☐
Homebuyer/Rental Assistance	105	☒	☒	
Total Sec. 215 Affordable Housing	**212**	☒	☒	☐
ANNUAL AFFORDABLE HOUSING GOALS (SEC. 315)				
Homeless households	7,000	☐	☐	☒
Non-homeless households	80	☒	☒	☒
Special needs households	275	☒	☒	☒
ANNUAL HOUSING GOALS				
Annual Rental Housing Goal	107	☒	☒	☐
Annual Owner Housing Goal	105	☒	☒	☐
TOTAL ANNUAL HOUSING GOAL	**212**	☒	☒	☐

The state cannot accurately predict the number of homeless, non-homeless, and special needs households that will be provided housing using the funds made available to the state; nor can the state predict the number of households to be provided affordable housing through activities that provide rental assistance, produce new units, rehabilitate existing units, or acquire existing units using the funds made available to the state. As previously stated, Montana is a vast state and housing and community development needs vary widely across the state. The extreme diversity in the available infrastructure and housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. The state firmly believes that **it is up to each locality, through detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need.**

Furthermore, the application for HOME and CDBG grant housing funds is done largely on a competitive basis or a first-come, first-serve basis. The state cannot predict the number applications it will receive, what activities will be funded, or how many and what

types of households will be served. The state cannot accurately predict the number of and distribution of grant assistance among specific goals.

For the purposes of completing Table 3B, the specific number of households, units, etc., expected to be assisted each program year is based on the historic number completed in previous years, which may or may not be an accurate reflection of future completions.

VII. HOMELESS AND SPECIAL NEEDS POPULATIONS

THE HOMELESS

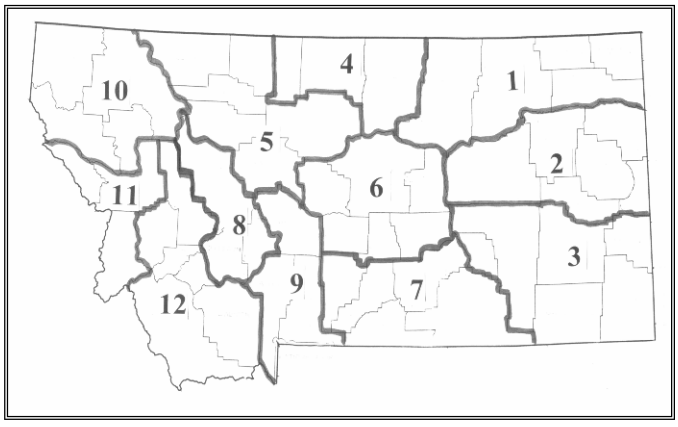
The Montana Continuum of Care Coalition's statewide homeless point-in-time survey has been conducted now for four years using a consistent protocol and survey instrument. Survey dates were January 27, 2005 and January 31, 2006, 2007, and 2008. The survey of Montana's homeless population is sponsored by the Intergovernmental Human Services Bureau of the MDPHHS, the HRDC Association, and the MTCoCC and is administered statewide in all 12 HRDC districts.

Survey efforts are largely focused in the major population centers of each district where there are organized emergency services (e.g., food banks, emergency shelters, soup kitchens and transitional housing) geared to helping people who are experiencing homelessness. Outlying communities are included using field offices of service providers, most notably the HRDCs (a.k.a., community action agencies) in small communities. Over 217 organizations and 434 individual volunteers participated in reaching as many of Montana's homeless people as possible. All surveys are scanned into a computer database and screened to eliminate duplicates.

Capturing homeless populations in remote rural areas can be especially challenging and while the survey falls short of scientific standards (lacking a known universe and faced with a number of uncontrolled variables), it nonetheless is providing consistent data that offers a valuable profile of homelessness in Montana.

The districts and their anchor cities are:

District 1..... Wolf Point
District 2..... Glendive
District 3..... Miles City
District 4..... Havre
District 5..... Great Falls
District 6..... Lewistown
District 7..... Billings
District 8..... Helena
District 9..... Bozeman
District 10..... Kalispell
District 11..... Missoula
District 12..... Butte



Homelessness in Montana wears many guises, but is often nearly invisible. Montana's homeless may be found sleeping in cars, tents, or abandoned mobile homes and buildings. They might be in motels, hospitals, treatment facilities, jails, and emergency or transitional shelters. One-third of all Montana's homeless (both individuals and family members) have been "unsheltered" or "on the streets," and this appears to be growing in Montana according to direct service providers. The following numbers include respondents plus identified family member, using HUD definitions:

- 1,423 homeless persons identified January 31, 2008
- 1,150 homeless persons identified January 31, 2007
- 1,331 homeless persons identified January 31, 2006
- 1,343 homeless persons identified January 27, 2005

More than two-thirds of Montana's homeless population is consistently counted in the three districts anchored by Billings (District 7), Missoula (11), and Kalispell (12). In general, this distribution is out of proportion to the general population with these areas, which account for 68% of all homeless but only 47% of the state's general population; however, the homeless count in these communities varies from year to year. For example, the Billings based district accounts for 18% of the state's population but the share of homeless has varied over the past three years from 18% in 2008 to 25% in 2007 and 28% in 2006. The Kalispell area has about 14% of the state's population and their homeless counts for the same years have been 17%, 7% and 14%, respectively. Similarly, Missoula accounts for around 15% of the state's population and homeless accounts have ranged from 33% in 2008 to 30% in 2007 and 26% in 2006.

Reasons for homelessness in Montana vary. Barriers exist at systems and personal levels. Systemic factors include:

- Lack of low-income housing, leading to a lengthy statewide waiting list for a Section 8 voucher in some areas of Montana.
- Some eligibility policies that screen people out of public housing.
- Fragmented and largely uncoordinated programs, which make it difficult for homeless persons to access mainstream services. Each program has its own eligibility standards and requirements. None can meet all of the needs of homeless individuals or families.
- Limited numbers of living wage jobs coupled with lack of education and training make it difficult to access and hold living wage jobs.
- Discharge or re-entry planning often does not include transition to wraparound services.
- No systems to bring housing, treatment and employment together in one sustainable package.

Though homelessness in Montana is relatively new, its roots have been gaining a stranglehold through social policy for more than 30 years. Wholesale

deinstitutionalization set the stage. Low-income and affordable workforce housing has become increasingly scarce, and neither public resources nor wages have kept pace with rising costs.

Personal barriers can include combinations of deep poverty, disability, poor health, chemical dependency, co-occurring disorders, lack of education or training, isolation, domestic violence, histories of trauma, and lack of the knowledge and sophistication needed to piece together a personal safety net from a fragmented, complex system.

According to *Living in the Red: the 2007 Northwest Job Gap Study,*[22] wages are lagging behind rapidly rising healthcare and other costs, and paychecks are increasingly falling short of providing for a basic standard of living. Given growing costs, driven by rapidly rising health care costs, a job that offered a living wage five years ago, even if adjusted for inflation, would no longer be sufficient to meet all of a family's basic needs.

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A comprehensive, coordinated system of homeless assistance is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and involve a variety of services. While all services may not be needed by everyone, the community will have them available as part of the coordinated, comprehensive plan. Services should include:

- Emergency or transitional shelter and permanent housing, including supportive housing.
- Identification and assessment of an individual's or family's needs.
- Social services, including mental health and substance abuse counseling, vocational rehabilitation, education, family support, childcare, independent living skills training, job training and placement, and employment opportunities where the homeless can both acquire and put to use new work skills.

Montana Continuum of Care

The Montana Continuum of Care (MT CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, including nonprofits, faith-based organizations, and local and state governments. The coalition was formed to address Montana's challenge of having very few homeless resources to cover its vast geographical area. The system is predicated upon community and regionally based continuum of care systems, which form the statewide coalition and continuum of care process.

The MT CoC's mission is to maximize the resources that can be brought to bear in overcoming homelessness, to collectively direct the most efficient use of limited

[22] *Living in the Red: the 2007 Northwest Job Gap Study.* Northwest Federation of Community Organizations. **http://www.nwfco.org/pubs/2007.1009_NW.Job.Gap.Living.in.the.red.pdf**

resources, and to promote a coordinated system of outreach, referral, information sharing, planning, and service. MT CoC participants share the benefit of leveraging each other's resources and efforts to provide increased and coordinated services to homeless across the state.

Participation in the statewide coalition is open to anyone interested and new members are continually encouraged and recruited. Participants include representatives from local and state government, public housing authorities, regional HRDCs, and other nonprofit organizations representing the homeless, housing and service providers, emergency shelters, domestic abuse shelters, veterans' organizations, and mental health centers.

The MT CoC prioritizes and ranks homeless projects each year and prepares a consolidated, statewide continuum of care application in response to the Notice of Funding Availability (NOFA). Projects originate from local community continuums of care or a state agency and benefit from peer review and critique before being scored and ranked. Scoring is based upon performance and capacity criteria as well as local needs and HUD priorities. The MT CoC is governed by a representative Board of Directors, with bylaws and processes reflecting HUD priorities and ensuring statewide participation and representation.

Continuum of Care Homeless Population and Subpopulations Chart

(Date of point-in-time count: **01/31/2008**)

Part 1: Homeless Population	**Sheltered**		**Unsheltered**	**Total**
	Emergency	**Transitional**		
1. Number of Households **with** Dependent Children	49	84	21	154
1a. Total Number of Persons in these Households (adults and children)	150	240	59	449
2. Number of Households **without** Dependent Children***	368	165	305	838
2a. Total Number of Persons in these Households	428	190	351	969
Total Persons (Add Lines 1a and 2a)	**578**	**430**	**410**	**1,418**

Part 2: Homeless Subpopulations	**Sheltered**	**Unsheltered**	**Total**
a. Chronically Homeless	46	92	**138**
b. Severely Mentally Ill	48	48	**96**
c. Chronic Substance Abuse	70	35	**105**
d. Veterans	138	109	**247**
e. Persons with HIV/AIDS	3	3	**6**
f. Victims of Domestic Violence	99	13	**112**
g. Unaccompanied Youth (Under 18)	32	2	**34**

Unmet Housing Needs: The following calculations are used to produce statewide totals and generalize unmet need statewide. Similar calculations are also done by district to produce a more accurate and necessary picture of where particular needs exist, but the table only allows for the statewide calculations. For example, there appears to be no need in four out of the six categories, but in District VII (Billings), there are significant needs. A women's prison, high drug usage, proximity to a reservation, and other factors produce a need for beds in all categories, but aggregate the numbers for the entire state appears to negate these needs.

Homeless Continuum of Care: Housing Gap Analysis Chart

		Current Inventory	Under Development	Unmet Need/Gap
Individuals				
Beds	Emergency Shelter	360	0	0
	Transitional Housing	198	0	203
	Permanent Supportive Housing *(all beds / beds for chronically homeless only)*	172/79	0	203
	Total	**730**	**0**	**368**
Chronically Homeless		**79**	**5**	**142**
Persons in Families With Children				
Beds	Emergency Shelter	289	0	0
	Transitional Housing	341	8	44
	Permanent Supportive Housing	47	0	28
	Total	**677**	**8**	**72**

The continued role of the statewide Continuum of Care is critical in meeting the needs of the homeless population in Montana. The coalition has formulated the following actions to promote and guide the group's work plan:

- Continue to conduct an annual statewide survey and resources inventory to count and assess homeless needs;
- Participate in the Montana Council on Homelessness;
- Inventory all state discharge policies and practices and promote evaluation of best practices and the adoption of new policies when needed;
- Continue to implement the Homeless Management Information System (HMIS);
- Collect, analyze, publish and distribute survey findings;
- Conduct a minimum of five meetings annually;
- Continue to explore options for initiating a statewide, uniform intake and referral system; and
- Contribute to the annual update of the state Consolidated Plan.

Montana Council on Homelessness

The Montana Council on Homelessness (MTCoH) was originally convened by Executive Order in June 2004. Governor Brian Schweitzer renewed Montana's commitment to ending homelessness through Executive Order 40-2006, signed in December 2006, which restructured the MTCoH and extended it until December 2008[23]. Executive Order 40-2006 also directs the Montana Council on Homelessness to work with an Intergovernmental Team on Homelessness (ITH). As requested by the MTCoH, all state agencies providing services to homeless individuals participate on the ITH. Additionally, the MTCoH invited representatives of federal, tribal, and local agencies who provide services to the homeless to participate on the Intergovernmental Team on

[23] As of February 11, 2009, information on the status of the MTCoH was not known.

Homelessness. The ITH will assist the MTCoH to prepare and implement the 10-year plan to end homelessness.

The Governor appointed 14 members to the MTCoH with expertise in a variety of areas. The Governor re-appointed Lt. Governor John Bohlinger and Hank Hudson, Administrator of the MDPHHS Human and Community Services Division, as co-chairs.

- **Co-Chair:** John Bohlinger, Lt. Governor
  Helena
- Mary Berg, Career Futures
  Butte
- Robert Buzzas, Continuum of Care Coalition
  Bozeman
- Mary Guokas, Community Representative
  Helena
- Tom Huddleston, Veterans Representative
  Helena
- Doug Overman, Kalispell Police Department
  Kalispell
- Judy Stewart, Montana Health Care for the Homeless
  Billings
- **Co-Chair:** Hank Hudson, Administrator
  Helena
- Eric Burger, Great Falls Rescue Mission
  Great Falls
- Trish Flynn, Journey Recovery
  Billings
- Lafe Haugen, Public Housing Authority
  Lame Deer
- Gloria O'Rourke, MT Economic Developer Assoc.
  Anaconda
- Eric Sells, Western Montana Mental Health
  Missoula
- Nicolas Vrooman, Helena Indian Alliance
  Helena

The MTCoH's first charge was to review, revise, adopt and implement the 10-year plan created by the 2004-2006 MTCoH. In April 2008, the MTCoH completed and adopted a living 10-year plan to end chronic homelessness and to impact homelessness overall and has undertaken a number of implementation steps.

With the mission of "To develop and implement strategies to prevent and reduce homelessness in Montana overall and to end chronic homelessness by 2014", the MTCoH:

- Advises the Governor and state agencies on policy issues related to the problems of the homeless, identifying available resources throughout the state and nation and providing recommendations for joint and cooperative efforts and policy initiatives for programs to meet the needs of the homeless;
- Recommends to the Governor short- and long-term goals and annual priorities to reduce homelessness; and
- Provides an annual report to the Governor that includes the state of homelessness in Montana; progress that has been made toward ending chronic homelessness and reducing homelessness overall; accomplishments resulting from coordination, integration, and technical assistance; and identification of barriers to coordination among the agencies of the Intergovernmental Coordinating Team.

Discharge Coordination Policy

The MTCoH is committed to the objective of not discharging someone into homelessness. The MTCoH's work the past few years, coupled with research and outreach, has provided the foundation for a 10-year plan to address homelessness as it exists in Montana and to end chronic homelessness.

On a practical level, not discharging someone into homelessness is easier said than done, particularly with the corrections population. Many housing policies preclude serving felons, and federal policy prevents sexual and violent offenders from accessing public housing. This population does not have the resources to pay market rate for their housing, even if they can find someone to rent to them. Add in the lengthy wait for a housing choice voucher, and the problem of not discharging someone into homelessness becomes even more difficult.

It is also very difficult to find housing for youth coming out of foster care. For someone with mental illness leaving a treatment facility, discharging to an emergency shelter (i.e., into homelessness) can often mean moving to the top of the list, thus being able to access mental health and other services in a more timely way.

The MDPHHS Child and Family Services Division has an estimated $365,000 in John H. Chaffee funds to provide direct services to assist eligible youth aging out of foster care and youth who have aged out of foster care. The purpose of these grants is in establishing, maintaining, and/or expanding services to current and former foster care youth age 16-21 in achieving self sufficiency, education, housing, mentors and employment.

In practice, persons with serious mental illnesses who are leaving treatment facilities may be discharged to an emergency shelter (i.e., into homelessness), which can often mean moving to the top of the waiting list for housing, thus being able to access mental health and other services in a more timely way. Without an immediate link to case management, housing providers are reporting that many coming out of homelessness, particularly those who have Serious and Disabling Mental Illness (SDMI) have a great deal of difficulty maintaining housing after finding it.

The MTCoH is committed to the objective of not discharging someone into homelessness. The MTCoH's work the past few years, coupled with research and outreach, has provided the foundation for a 10-year plan to address homelessness as it exists in Montana and to end chronic homelessness. The following objective for discharge coordination is excerpted from the MTCoH's draft 10-year plan.[24]

Goal II: Prioritize services for the homeless (DRAFT)			
Objectives	**Milestones**	**Critical Partners**	**Target**
Objective 2.2: No one will be discharged into homelessness by Montana institutions, including the mental health system and MT Department of Corrections.	▪ Assist those discharged from public institutions with links to public benefits and housing. ▪ Strengthen partnerships with State Hospital, Department of Corrections and local law enforcement to ensure that the mentally ill are not discharged into homelessness. ▪ Facilitate training for discharge planners and case managers on available resources, e.g., SSI/SSDI. ▪ Encourage policies that prevent discharge into homelessness.	Addictive and Mental Disorders Division (MDPHHS), MT Department of Corrections, local law enforcement; SOAR SSI training team; Social Security Administration; Parole, Probation, Community Corrections.	Ongoing

[24] *no longer Homeless in Montana*, *a Report on the State of Homelessness and a Ten year Plan to End It*; Montana Council on Homelessness; January 2007: **www.mtcoh.org**

OTHER SPECIAL NEEDS POPULATIONS

Special needs housing, or supportive housing, is housing that provides supportive services and/or physical adaptations, allowing residents with special needs to live independently in integrated community settings. Persons with special needs may have a variety of mental and physical disabilities and therefore, need a variety of housing options that varies depending on the type of disability and may vary throughout an individual's life depending on the degree of disability and individual circumstances.

Special needs populations also include persons with chemical addictions and victims of domestic violence, which share a need for supportive services in order to achieve a stable living environment and reintegrate into society. Because of their need for the combination of affordable housing linked to targeted services, they are included in the groups that benefit from supportive housing.

Elderly and Frail Elderly

In Montana, the elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have a significant impact on the state.

As the Baby Boom generation (those born between 1946 and 1964) reaches retirement age, the growth of the elderly population (65 and over) is expected to accelerate rapidly. The proportion of Montana's population classified as elderly is expected to increase from 13.4% in 1995 to 24.4% in 2025.[25] The elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have significant impact on the state. According to the 2000 Census, 13.4% of Montanans were over age 65, higher than the national average of 12.4%. At 9.4% of Montana's total population, the 55 to 64 age group was also higher than the national average, 8.6%. The 55 to 64 years and the 65 and over age categories also showed increases from 1990 to 2000 that were higher than the national average, with the 65 and older age group increasing by 13.6% and those aged 55 to 64 increasing by 24.6%. The national increase in these age groups was only 12.0% and 14.8%, respectively. According to Census 2000:

- At 13.4%, Montana had the 14th highest percentage among states for people 65 years of age or older.
- Montana was 17th in percentage of people 85 and over.
- Montana had 162 people who were 100 years old or older. Over 50,000 people in the U.S. were 100 years old or older.

[25] *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004; **http://www.nga.org/portal/site/nga**

AGE PROFILE 1990 vs. 2000 and 2000 vs. 2006							
AGE	**1990**	**2000**	**1990-2000 % Change**	**2000 % Total**	**2006 Est.**	**2000-2006 % Change**	**2006 % Total**
Under 20 years							
United States			12.8%	28.6%		2.0%	27.4%
Montana	244,346	257,440	5.4%	28.5%	243,407	-5.5%	25.8%
20 to 24 years							
United States			-0.3%	6.7%		11.3%	7.1%
Montana	47,769	58,379	22.2%	6.5%	69,496	19.0%	7.4%
25 to 34 years							
United States			-7.6%	14.2%		1.3%	13.5%
Montana	123,070	103,279	-16.1%	11.4%	112,327	8.8%	11.9%
35 to 54 years							
United States			31.9%	29.4%		5.0%	29.0%
Montana	209,062	277,029	32.5%	30.7%	273,187	-1.4%	28.9%
55 to 64 years							
United States			14.8%	8.6%		30.1%	10.6%
Montana	68,321	85,119	**24.6%**	**9.4%**	115,623	**35.8%**	**12.2%**
65 & over							
United States			12.0%	12.4%		6.5%	12.4%
Montana	106,497	120,949	**13.6%**	**13.4%**	130,592	**8.0%**	**13.8%**

Source: U.S. Census Bureau, 1990 Census, Census 2000, 2006 Population Estimates, and 2006 American Community Survey

By 2025, the percentage of Montanans 65 years of age or older is expected to rise to 24.4%, ranking it third in the nation. The percent of the population 85 and older is expected to be 3.1%, moving the state's ranking to fourth.[26]

The lack of affordable housing is a problem for many of Montana's lower income citizens, including the elderly. Montana's poverty rate was estimated to be 13.3% in 2000, 14.0% in 2001 and 2002, 14.2% in 2003, 14.1% in 2004 before dropping to 13.8% in 2005 and 13.5% in 2006.

Individuals 80 and older require more health services and/or assisted living arrangements. The demand for assisted living is determined by the size of the elderly population in need of assisted services, the level of income available to the senior, other types of senior living arrangements available to the person, and the level of health and other services for the elderly available in the community.

Over the last 20 to 30 years, Montana has developed a growing continuum of long-term care services, ranging from institutional care (nursing homes and assisted living facilities) to home and community based services (personal care, home health services, hospice, homemaker, home chore, congregate and home delivered meals programs,

[26] *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004; **http://www.nga.org/portal/site/nga**

transportation, health promotion programs, etc.). MDPHHS Senior and Long Term Care Division (SLTCD) coordinates the delivery of this array of long-term care services.[27]

The primary goal of home and community based services is to maintain quality of life, preserve individual dignity, satisfy preferences in lifestyle and keep people as independent as possible in their homes and community for as long as possible. The Aging Network in Montana is an essential component in the long-term care continuum, providing a diverse range of services targeted to individuals who are 60 years of age or older. These services include: personal care, homemaker, home chore, congregate and home delivered meals, adult day care, case management, transportation and medical transportation, advocacy services (legal assistance and ombudsman services), information and assistance, health insurance assistance and counseling, skilled nursing, health screening, fitness and exercise programs, and senior center services. Members of the Aging Network include Area Agencies on Aging, County Councils on Aging, senior centers, and other contractors. As the state's population continues to age, long-term care services provided by the Aging Network will become increasingly important in meeting this primary goal.[28]

Each year, the Senior and Long Term Care Division produces a *State of Aging in Montana Report*.[29] These reports examine a different aspect of how aging demographic trends are currently impacting Montana and what potential impacts they will have in the future. The Aging Reports resulted from a growing awareness on the part of the Legislature that aging demographic trends pose challenges that Montana needs to address as the state population continues to age. The 1999 Legislature required DPHHS to produce a biennial report, with annual updates, on statewide and community issues relating to aging issues. Past reports have looked at how state and local governments are planning for current and future aging trends, health care workforce issues, informal caregiving issues and the role of senior centers in meeting aging needs.

Over the last two legislative sessions, the Legislature has increased state funding to the Aging Services Bureau. The 2005 Legislature increased funding by about $600,000 per year for state fiscal years 2006 and 2007. The 2007 Legislature increased the funding by about $2 million dollars per year for SFY 2008 and 2009. About $1.5 million of the latter was one time only funding. The stated goal of these funds was to assist elderly persons to remain independent and in their homes.

In response to this goal, the MDPHHS Aging Services Bureau and its network of aging providers updated and enhanced its data collection and analysis capacity to determine the extent to which this goal is being accomplished. The **2007 State of Aging Update**[30] provides a baseline for evaluating the effectiveness and adequacy of aging services

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[27] *The State of Aging in Montana 2006*, MT Department of Public Health & Human Services; **http://www.dphhs.mt.gov/sltc/aboutsltc/reports/2006AgingReport.pdf**

[28] *Ibid.*

[29] **http://www.dphhs.mt.gov/sltc/services/aging/Reports/index.shtml**

[30] **http://www.dphhs.mt.gov/sltc/services/aging/Reports/2007AgingReport.pdf**

provided through the Aging Services Bureau. The base year for statistical reporting in this report is federal fiscal year 2006 (October 1, 2005 through September 30, 2006). Following are the conclusions reached in update:[31]

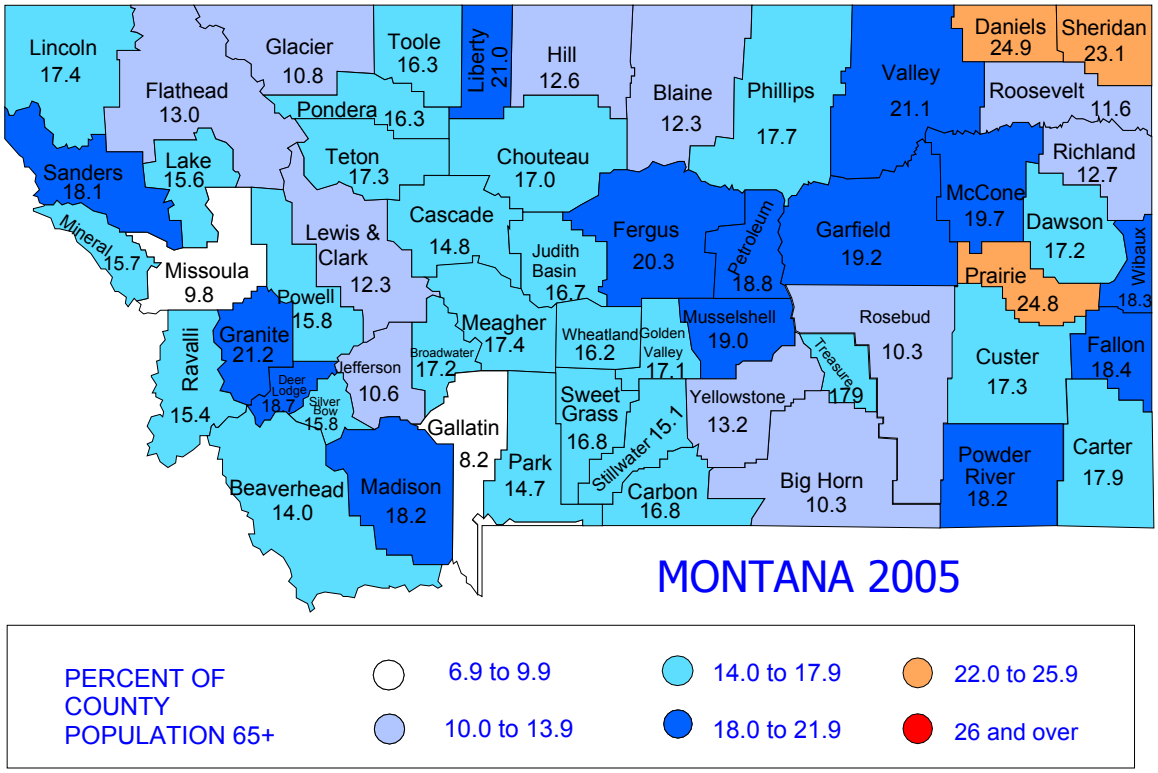
> Federal and state funding for aging services are designed to assist older persons in leading independent, meaningful and dignified lives in their own homes and communities for as long as possible. Both the 2005 and 2007 Legislatures have increased funding for Aging Services to accomplish these goals. The 2007 Legislature also established an Older Montanans Trust and funded it with $7.7 million. The Trust Fund is designed to set aside funding to meet the projected increase in demand for aging services as baby boomers move into their 70's and 80's. While this Trust is a good start, there is currently no on-going source of funding for the Trust.
>
> Measuring the extent to which the Aging Network can achieve the goal of assisting elders to remain independent and in the community is a difficult proposition. This report has focused on the extent to which Aging Services has been able to target its services to individuals who have potential risk factors that could prevent them from remaining independent. In general, the Aging Network is serving a higher percentage of participants for all risk factors in comparison to the general aging population. Thus, the Aging Network is meeting its federal mandate to target its services to the most socially and economically at risk elders.
>
> - The most significant differences between those served by the Aging Network and the general aging population are for minority and poverty risk factors.
> - The percentage of Native American participants for both in-home and congregate meal services are at least 3 times that of the general over 60 population.
> - In-home services participants are 4 times more likely to be in poverty than the general over 60 population. Participants in poverty are fairly consistent across age cohorts for congregate meals, while percentages tend to decrease with age for in-home services.
> - Native Americans have highest percentage of participants in poverty for both in-home services (59%) and congregate meals (63%).
> - The percentage of the population served increases at older ages. In 2006, Aging Services provided an in-home service or congregate meal to 26.8% of all Montana age 85 or older and to 22% of those 75-84 years of age.
> - Those age 85 and over are receiving in-home services at a rate over 2.5 times higher than the percentage in general population (27.1% versus 10.6%)
> - In-home service participants are twice as likely to live alone as the general aging population. Congregate meals participant are 50% more likely to live alone.

[31] *Ibid.*

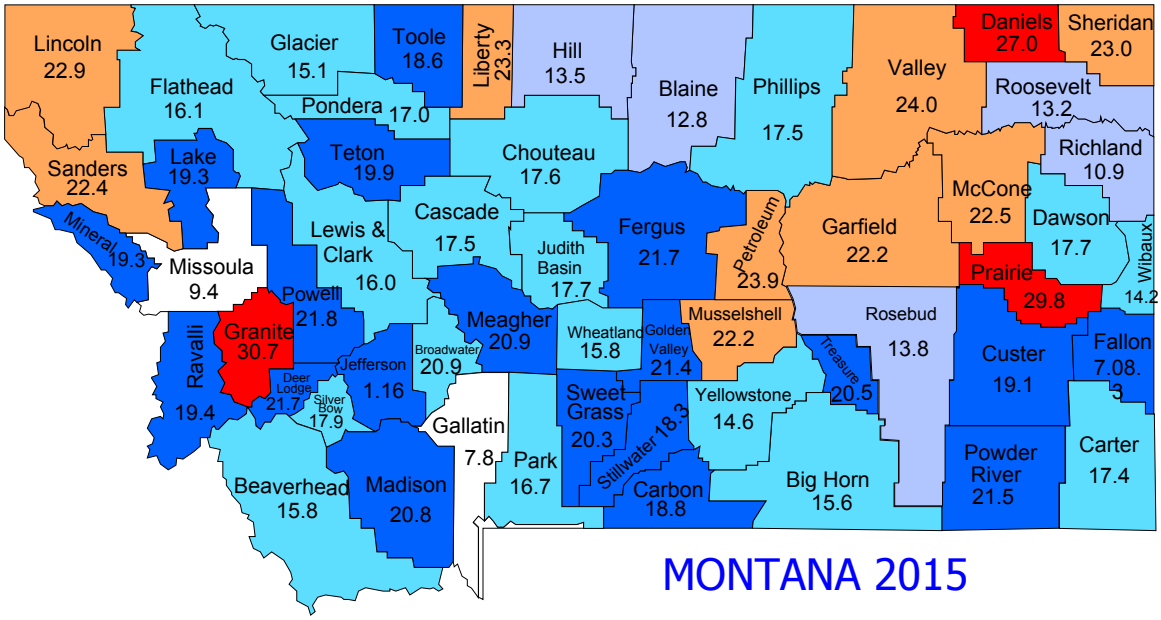
- A larger percentage of urban participants are receiving in-home services than the statewide average, while a larger percentage of rural participants are getting congregate meals than the statewide percentages.

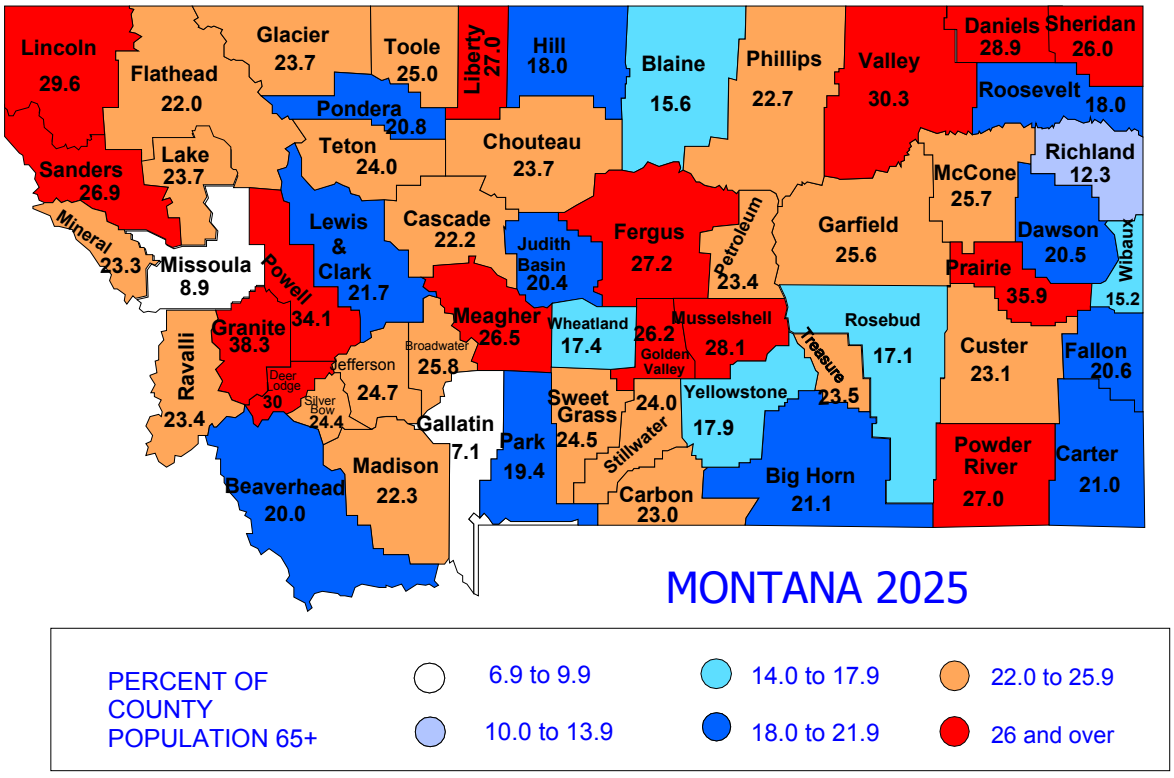
Currently, there are not significant changes in demographic data from one year to the next. Changes tend to occur gradually, since there is not a large turnover in participants from year to year. Any changes are more likely to be the result of increased reporting rather than a significant change in who is being served. There is more variability in the units of service delivered. After about 4 years of gradual decreases in the units of service for congregate meals, units have been going up over the last 3 years. Units of respite services have been going up over the last 3 years, while homemaker and home chore have been gradually decreasing. Home delivered meals tend to be more cyclical.

Following is a series of maps reflecting the projected changes in the percentage of the population 65 years of age and older by county.[32]



[32] MT Dept of Public Health & Human Services; http://www.dphhs.mt.gov/sltc/services/aging/Reports/index.shtml


Lincoln 22.9
Flathead 16.1
Glacier 15.1
Toole 18.6
Liberty 23.3
Hill 13.5
Blaine 12.8
Phillips 17.5
Valley 24.0
Daniels 27.0
Sheridan 23.0
Roosevelt 13.2
Richland 10.9
Pondera 17.0
Teton 19.9
Chouteau 17.6
Sanders 22.4
Lake 19.3
Mineral 19.3
Missoula 9.4
Lewis & Clark 16.0
Cascade 17.5
Judith Basin 17.7
Fergus 21.7
Petroleum 23.9
Garfield 22.2
McCone 22.5
Dawson 17.7
Wibaux 14.2
Prairie 29.8
Powell 21.8
Granite 30.7
Ravalli 19.4
Jefferson 1.16
Broadwater 20.9
Meagher 20.9
Wheatland 15.8
Golden Valley 21.4
Musselshell 22.2
Rosebud 13.8
Treasure 20.5
Custer 19.1
Fallon 7.08.
Deer Lodge 21.7
Silver Bow 17.9
Gallatin 7.8
Sweet Grass 20.3
Stillwater 18.3
Yellowstone 14.6
Park 16.7
Carbon 18.8
Big Horn 15.6
Powder River 21.5
Carter 17.4
Beaverhead 15.8
Madison 20.8
MONTANA 2015
PERCENT OF COUNTY POPULATION 65+
6.9 to 9.9
10.0 to 13.9
14.0 to 17.9
18.0 to 21.9
22.0 to 25.9
26 and over


Lincoln 29.6
Flathead 22.0
Glacier 23.7
Toole 25.0
Liberty 27.0
Hill 18.0
Blaine 15.6
Phillips 22.7
Valley 30.3
Daniels 28.9
Sheridan 26.0
Roosevelt 18.0
Richland 12.3
Pondera 20.8
Teton 24.0
Chouteau 23.7
Sanders 26.9
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Lewis & Clark 21.7
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Judith Basin 20.4
Fergus 27.2
Petroleum 23.4
Garfield 25.6
McCone 25.7
Dawson 20.5
Wibaux 15.2
Prairie 35.9
Powell 34.1
Granite 38.3
Ravalli 23.4
Jefferson 24.7
Broadwater 25.8
Meagher 26.5
Wheatland 17.4
Golden Valley 26.2
Musselshell 28.1
Rosebud 17.1
Treasure 23.5
Custer 23.1
Fallon 20.6
Deer Lodge 30
Silver Bow 24.4
Gallatin 7.1
Sweet Grass 24.5
Stillwater 24.0
Yellowstone 17.9
Park 19.4
Carbon 23.0
Big Horn 21.1
Powder River 27.0
Carter 21.0
Beaverhead 20.0
Madison 22.3
MONTANA 2025
PERCENT OF COUNTY POPULATION 65+
6.9 to 9.9
10.0 to 13.9
14.0 to 17.9
18.0 to 21.9
22.0 to 25.9
26 and over

Persons with Disabilities

The 2000 Census counted 145,732 people with a disability over the age of five living in Montana (16.2% of the population). Many people with disabilities had more than one disability resulting in a total number of disabilities tallied of 258,723. The U.S. Census considers people five (5) years old and over to have a disability if they have one or more of the following:

- Blindness, deafness, or a severe vision or hearing impairment;
- A substantial limitation in the ability to perform basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying;
- Difficulty learning, remembering, or concentrating; or
- Difficulty dressing, bathing, or getting around inside the home.

In addition to the above criteria, people 16 years old and over are considered to have a disability if they have difficulty going outside the home alone to shop or visit a doctor's office. People 16 to 64 years old are considered to have a disability if they have difficulty working at a job or business. Disability becomes more common as people age; the 2000 U.S. Census identified 40% of Montana's senior citizens as living with a recognizable disability. With the general demographic aging trend due to the baby boom generation, people with disabilities will constitute a greater percentage of the total population in years to come. Many Montana families experience disability; either directly or through providing aid and assistance to a family member with a disability.

In 2000, 19.7% of people with disabilities were below the poverty level, in comparison to Montana's overall poverty rate of 14.1%. It is reasonable to assume that adults with disabilities are unemployed or employed in very low paying jobs and possess a lower level of educational attainment than the population as a whole. This contributes to a greater general level of economic disadvantage among the disabled in Montana. For more information on the economic and demographic characteristics of Montana residents with disabilities, see the Appendix to Volume II of the *Economic and Demographic Analysis of Montana*.[33]

Persons with disabilities may require supportive services in conjunction with the provision of affordable housing. Those persons with non-mobility related disabilities often require extensive special services, particularly those who are chronically homeless, chemically dependent, or mentally disabled. These individuals experience ongoing daily functioning difficulties because of their illness and many are unable to work due to their profound disabling illness.

The vast majority of Montanans living in the community who are severely disabled rely upon Social Security Income (SSI) or Social Security Disability Income (SSDI) and other

[33] *Economic and Demographic Analysis of Montana - Volume II Appendix, Disability Data*, Center for Applied Economic Research, Montana State University-Billings, January 2007; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

public entitlement programs to pay for their living expenses. Effective January 2009, the SSI payment for an eligible individual is $674 per month and $1,011 per month for an eligible couple. For 2008, the SSI payment for an eligible individual was $637 per month and $956 per month for an eligible couple, and in 2007, the SSI payment for an eligible individual was $623 per month and $934 per month for an eligible couple.[34]

According to the national study, *Priced Out in 2006*[35]:

- In 2006, the national average monthly income of a person who relied on SSI as his or her source of income was only $632. When *Priced Out* was first published in 1998, the value of SSI payments relative to national median income was 24.4 percent. In 2006, the value of SSI dropped to only 18.2 percent.
- In 2005, the national average rent for one-bedroom apartments rose to $715 per month—this equaled 113.1 percent of monthly SSI income.
- In 2006, the national average rent of $633 for studio/efficiency apartments rose above the entire monthly income of an individual who solely relies on SSI income. Even this modest dwelling would consume 100.1 percent of someone's income.
- People with disabilities who rely on SSI payments continue to be among the lowest income citizens in the United States. In 2004, the national average income of a person with a disability receiving SSI fell to 18.4% of median income, down from 18.8% in 2002.

HOUSING AFFORDABILITY IN MONTANA

State and MSAs [A]	SSI Monthly Pmt[B]	SSI as % Median Income[C]	% SSI for Efficiency Apt.[D]	% SSI for 1-Bdrm[E]	NLIHC[F] Housing Wage[G]
Montana					
Billings	$603.00	19.2%	64.5%	76.6%	$8.88
Great Falls	$603.00	21.6%	59.0%	71.1%	$8.25
Missoula	$603.00	19.1%	76.3%	87.7%	$10.17
Non-Metropolitan Areas	$603.00	22.0%	66.7%	76.3%	$8.85
State Average	$603.00	**21.3%**	**66.8%**	**77.3%**	**$8.97**
National Average	**$632.46**	**18.2%**	**100.1%**	**113.1%**	**$13.750**

[A] Metropolitan Statistical Areas
[B] Federal SSI benefit, plus the state supplement (not applicable in MT) for people with disabilities living independently in the community
[C] SSI benefit expressed as a percent of the one-person area median income
[D] Percent of monthly SSI benefit needed to rent a modest studio apartment at HUD's Fair Market Rent
[E] Percent of monthly SSI benefit needed to rent a modest one-bedroom apartment at HUD's Fair Market Rent
[F] Hourly wage that people need to earn to afford a modest one-bedroom apartment at HUD's Fair Market Rent
[G] National Low Income Housing Coalition

Source: *Priced Out in 2006* Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, April 2007

[34] Social Security Online website: *Answers to your Questions* - **http://www.socialsecurity.gov/**

[35] Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, April 2007; **http://www.tacinc.org**

In the absence of housing assistance, people with disabilities who rely on SSI income are likely to have few resources left over for food, medicine, and other necessary living expenses after housing expenses are paid. The result is that many will live in substandard housing, live in danger of becoming homeless, or in fact become homeless.

HIV/AIDS

Prior to 1997, housing needs for persons with HIV/AIDS were different than they are today. At that time, nearly all persons with HIV/AIDS were disabled by health reasons and qualified for disability determination, and thus disability income. The need for low-income housing was prevalent for these clients. However, local advocates, working within their communities, were often able to make a hardship case that these individuals should move to the front of the waiting list because of serious health concerns and the probability that they would not live a great deal longer. The advent of effective medical treatment has changed that scenario. People with HIV are able to maintain a much healthier status and frequently do not qualify for disability determination. Though they are healthier, they may not be able to work full time and they continue to need low-income housing. They also need housing in proximity to major healthcare centers to receive the extensive and specific treatment they will require for the remainder of their lives. Because their health status is improved, it is not as easy to make a hardship case to move them up in the waiting list, and it is more likely they will need low income housing for a much longer period.

From 1985 through June 2007, a cumulative total of 789 cases of Human Immunodeficiency Virus (HIV) and Acquired Immunodeficiency Syndrome (AIDS) had been reported to the MDPHHS; more than 60%, or 488, were living still living. More than half, 54%, of the reported cases were residents of Montana when they were diagnosed and 44% were residents of another state at the time of diagnosis. Forty-two of the state's 56 counties have reported at least one HIV/AIDS case since 1985.

The geographic distribution of Montana's HIV/AIDS cases reflects the state's overall population distribution. (See map on page 73.) Montana's seven largest counties account for approximately 75% of all reported HIV/AIDS cases since 1985.[36]

Currently, HIV/AIDS does not appear to have had a disproportionate impact on Montana's American Indian population. Representing approximately 6.2% of the state's population, American Indians represent 6% of the HIV/AIDS cases reported.[37] Fortunately, the state has not experienced the increase in cases

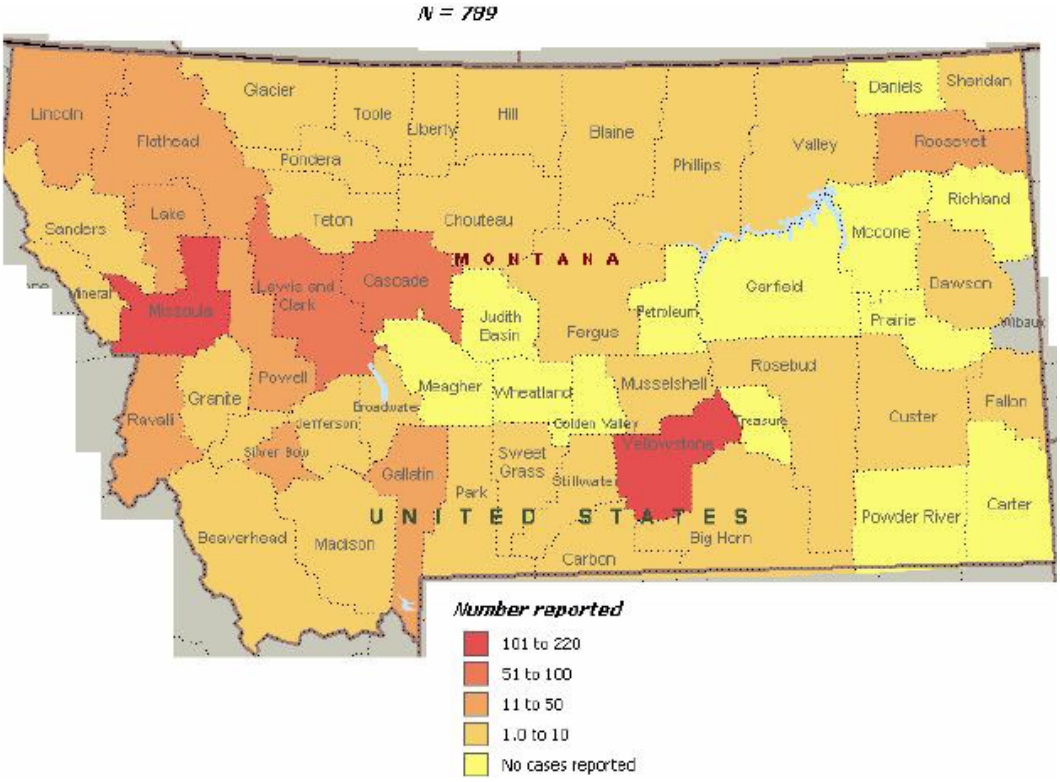
Race/Ethnicity	Persons Living w/ HIV/AIDS (6/2007)	All Reported Cases 1985-2007
White	87%	87%
American Indian/Alaska Native	7%	6%
Black	4%	5%
Hispanic	3%	1%
May not total to 100% due to rounding		

[36] **http://hivdata.hhs.mt.gov/pdf/LIVINGAIDS062007.pdf**

[37] **http://www.dphhs.mt.gov/PHSD/Communicable-disease/documents/AIDS092006.pdf**

among racial/ethnic minority groups that has been experienced by larger urban areas of the nation.

Cumulative number of reported HIV/AIDS cases, Montana, 1985 through June 2007[38]
(by county of residence)



**At the time the case was reported, 75% of HIV/AIDS cases in Montana lived in the state's seven most populated counties.*

Addictive and Mental Disorders

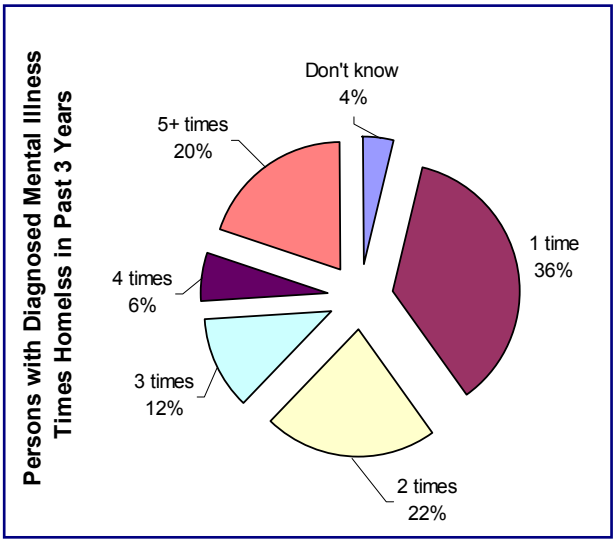
Addictive and mental disorders and homelessness often go hand-in-hand. The Montana Homeless Continuum of Care 2005 and 2006 Statewide One-day Snapshot Surveys conducted in January 2005 and 2006 point to mental illness as one of the leading contributors to homelessness in Montana.[39] People with serious mental illness are highly vulnerable to discrimination, stigma and violence. The symptoms of serious mental illnesses can decrease housing stability and increase vulnerability to homelessness; people with mental illnesses may disturb their neighbors, forget to pay bills, or present a threat to themselves or to others. Many with mental illnesses have difficulty developing and maintaining social relationships. This can lead to isolation, conflicts, job loss and difficulty connecting with the mainstream services that could help.

[38] **http://hivdata.hhs.mt.gov/pdf/LIVINGAIDS062007.pdf**

[39] *no longer Homeless in Montana*, *a Report on the State of Homelessness and a Ten Year Plan to End It*; Montana Council on Homelessness; January 2007: **http://www.mtcoh.org/**

Homeless persons with serious mental illnesses are more likely than other groups to have had contact with the justice system, often for minor offenses such as trespassing, petty theft, shoplifting, drinking in public or loitering. Studies reveal that a person with a mental illness has a 64% greater chance of being arrested for committing the same offense as someone who does not have a mental illness.[40] Despite the stigma attached to mental illness, according to Montana's 2006 Survey of the Homeless:

- 408 of 2,311 persons revealed that they were currently disabled with a *diagnosed*[41] mental illness;
- 456 of 2,311 listed mental illness as a cause of their homelessness; and
- 60% of the 408 homeless persons diagnosed with a mental illness had been homeless more than once in the past three years.



Many adults with serious disabling mental illness can only maintain a living arrangement with close, ongoing supervision and support of mental health service providers. Specialized housing and community living programs for people with mental illness are limited in number and are offered in only a few communities in the state. A significant need exists for a continuum of specialized supportive housing opportunities for people with serious disabling mental illness distributed throughout communities across the state of Montana. This need for continuum of supported housing ranges from group homes to supported apartment living to specialized residential programs for people experiencing difficulties related to both mental illness and substance abuse. These specialized supportive housing programs linking appropriate housing to necessary supportive mental health services offer the best opportunity for stable, successful community living for people with serious disabling mental illness.

Homelessness and inadequate living arrangements are frequently associated with adults with severe and disabling mental illness (SDMI). Persons with SDMI need a variety of housing options ranging from supervised group living to independent homeownership. In order to assure an opportunity for these individuals to achieve a "home", regardless of the nature of physical structure, it is also essential that mental

[40] *A Blueprint for Change: Ending Chronic Homelessness for Persons with Serious Mental Illnesses and Co-occurring Substance Abuse Disorders*.: **www.mentalhealth.samhsa.gov** (from the *Report on the State of Homelessness*)

[41] In 2005, respondents to the Survey of the Homeless were asked if they had any "disabling conditions" and asked to choose all that applied. This language changed in 2006 when respondents were asked if they were currently disabled with a "diagnosed condition." This is a small change with important implications. Even though the total number of homeless persons identified by the survey of the homeless was higher in 2006, the numbers of those stating that they had a specific disability was down in every case but developmental disability.

health agencies offer rehabilitation and support services to assist the consumer in successful participation in the community.

The Substance Abuse and Mental Health Services Administration (SAMHSA), Treatment Episode Data for 2004[42] reveals four common drugs of abuse in Montana, which together combine 92% of the 7,410 treatment admissions to the publicly funded chemical dependency system:

- Alcohol only:..... 31.2%
- Alcohol with secondary drug: 26.1%
- Marijuana: 19.2%
- Amphetamines 15.5%

The 7,410 served in Montana's publicly funded system in 2004 represented only a fraction of the estimated 21,000 Montanans needing but not receiving treatment for illicit drug use, and 70,000 needing but not receiving treatment for alcohol use.[43] According to data from Montana's Alcohol and Drug Information System, 442 homeless persons were served by the publicly funded treatment system in 2003. In 2006, 599 of the homeless persons surveyed and in 2005, 592 of those surveyed stated that substance abuse was a cause for their homelessness.

According to a *Blueprint for Change: Ending Chronic Homelessness for Persons with Serious Mental Illnesses and Co-occurring Substance Abuse Disorders*[44]*,* substance use is both a precipitating factor and a consequence of being homeless. Substance use and abuse frequently lead to loss of housing and make it more difficult for individuals to find safe, sober housing once they become homeless. People with substance use disorders who are homeless face enormous competition for limited treatment slots. Those who do receive treatment are more likely to get care for a co-occurring mental illness.

Victims of Domestic Violence

Domestic violence occurs when an intimate partner uses physical violence, coercion, threats, intimidation, isolation, and/or emotional, verbal, sexual or economic abuse to maintain power and control. There is no one physical act that characterizes domestic violence: it includes a whole continuum of behaviors ranging from verbal abuse to punches and kicks, from being locked up to sexual abuse, suffocating, maiming, and homicide. Most victims suffer multiple forms of abuse.

Primary victims are the direct victims of abuse, the targets of the crimes. Primary victims are predominantly, but not exclusively, the battered spouses/partners, but they are not the only ones at risk. Every family member is exposed to and experiences trauma, and

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[42] Substance Abuse and Mental Health Services Administration, Treatment Episode Data: 2004. **www.drugabusestatistics.samhsa.gov** (from the *Report on the State of Homelessness*)

[43] *2004 State Estimate of Substance Abuse*. Office of Applied Studies, Substance Abuse and Mental Health Services Administration: **www.oas.samhsa.gov/2k4State/States.htm** (from the *Report on the State of Homelessness*)

[44] Substance Abuse and Mental Health Services Administration, Treatment Episode Data: 2004. **www.drugabusestatistics.samhsa.gov** (from the *Report on the State of Homelessness*)

thus are secondary victims. Children, often the secondary victims, struggle with ongoing and serious emotional problems resulting in diminished academic and interpersonal functioning. Secondary victims frequently evolve into primary victims: there is an overlap of 30 to 60 percent between violence against children and violence against women in the same families. [45]

Veterans

According to the 2000 census, 108,476 veterans make their homes in Montana, and 37,631 (approximately 35%) of them are over 65 years of age. Montana's veterans account for about 16% of the adult population, and only three other states (Nevada, Wyoming, and Maine) have as high a percentage of veterans.

Minority Populations

Montana has a significant Native American population comprising the second largest segment of the population, 6.2% (see map on page 53). Combined, the Asian and Native Hawaiian/Other Pacific Islander populations total 0.6%. The Black/ African American population in Montana is very small at 0.3%. The Hispanic or Latino population is distributed throughout the state. The largest contingent, more than 6,000 Hispanics, resides in Yellowstone County, representing 4.5% of the total population. Big Horn County has the second largest percentage at 4.4%. (See map on page 53).

RACE / ETHNICITY	
Race / Ethnicity	**Percent**
White population	90.6%
Native American (American Indian/Alaska Native)	6.2%
Two or more races	1.7%
Some other race	0.6%
Asian	0.5%
Black/African American	0.3%
Native Hawaiian/Other Pacific Islander	0.1%
Hispanic or Latino population	2.0%
Source: Census 2000	

Native American Population

With the Blackfeet Reservation covering much of it, Glacier County has the largest concentration of Native Americans in the state with more than 61.4% of its population being American Indian. Big Horn County is a close second with 60.6% American Indian population. Both the Crow and Northern Cheyenne Reservations are located in the county. Third highest concentration is in Roosevelt County where the Fort Peck Reservation is located.[46]

Applications for the CDBG and HOME Programs are received from all areas of the state, including areas of concentrated minority populations such as towns located within reservation boundaries, county-sponsored water and sewer districts, and counties that include designated reservation land.

[45] MT Dept of Justice; **http://www.doj.mt.gov/victims/domesticviolence.asp**

[46] *Economic and Demographic Analysis of Montana, Volume II Demographic Analysis*, Montana Department of Commerce, December 2007; **http://housing.mt.gov/Includes/CP/Docs&Rpts/CP_E&D-Vol-II_12-07.pdf**

The HOME Program accepts applications from CHDOs around the state. Several of the certified CHDOs in Montana have reservation land within their service areas and are encouraged to apply for HOME funds for projects in those areas.

House Bill 608: The 2003 Montana Legislature passed House Bill 608 (HB 608), an act relating to the government-to-government relationship between the Montana Indian Tribes and the state of Montana. HB 608 provides for tribal consultation in the development of state agency policies that directly affect Indian tribes, authorizes certain state employees to receive annual training, provides for annual meetings between state and tribal officials, and requires that an annual report of the actions be produced by state agencies.

When formulating or implementing policies or administrative rules that have direct tribal implications, state agencies are directed to consider the following principles:

- A commitment to cooperation and collaboration;
- Mutual understanding and respect;
- Regular and early communication;
- A process of accountability for addressing issues; and
- Preservation of the tribal-state relationship.

At least once a year, state agency managers and key employees who have regular communication with tribes will receive training on the legal status of tribes, the legal rights of tribal members, and social, economic, and cultural issues of concern to tribes. This training is to be provided by the Montana Department of Justice and a trainer selected by the tribal governments. In addition, each year the Governor, along with state agency representatives and tribal officials may review the policies that directly affect tribal governments and tribal populations, and recommend changes and/or formulate solutions to the policies.

State agencies are directed to submit a report each year to the Governor and to each tribal government on the activities of the state agency relating to tribal government and tribal populations. The report must include:

- Any policy that the state agency adopted that directly impact the tribes;
- The name of the individual within the state agency who is responsible for implementing the policy;
- The process that the state agency has established to identify the programs of the state agency that affect tribes;
- The efforts of the state agency to promote communication and the government-to-government relationship between the state agency and the tribes;

- The efforts of the state agency to ensure tribal consultation and the use of American Indian data in the development and implementation of agency programs that directly affect tribes; and
- A joint description by tribal program staff and state staff of the required training.

Efforts to Further Native American Housing Opportunities

In June 2002, President Bush announced the "America's Homeownership Challenge" and challenged the public and private sectors to work together to reach or exceed the goal to increase the number of minority homeowners by 5.5 million by the year 2010. As previously stated, the largest minority group in Montana is comprised of Native Americans.

Section 184 Indian Housing Program: The Indian Home Loan Guarantee Program is a relatively new and innovative housing program to enable Native American families and Indian Housing Authorities (IHAs) to gain access to sources of private financing. A Native American is an eligible borrower if he/she will occupy the property as his/her principal home and has met certain credit and underwriting standards. An IHA is an eligible applicant as well. IHAs may borrow funds for the development of single-family homes that may be subsequently sold to eligible borrowers. To apply, they can visit any approved lender (financial institution) and apply for a mortgage loan.

The MBOH has finalized an agreement to work with the Chippewa-Cree Housing authority on the Rocky Boy's Reservation to help finance 45–60 rent-to-own homes.

The MBOH set aside more than $6,000,000 in recycled mortgage funds to provide the permanent financing for qualifying lower income individuals for single family homes located on trust land on an Indian Reservation or on fee simple land off-reservations that are guaranteed by HUD through Section 184 for Native Americans. The MBOH worked with local banks, tribal representatives, bond counsel, state and regional HUD officials to get special consideration and guarantees from the Secretary of HUD in Washington D.C. to enable the MBOH to participate in this program initially.

Before the 184 Loan Guarantee Program could be utilized in Montana, each Tribe needed to adopt foreclosure and eviction procedures. Nearly all of Montana's tribes have adopted the procedures. As a member of the Montana American Indian Housing Task Force, the MBOH was instrumental in getting the reservations qualified for the HUD 184 home mortgage guarantee program, which subsequently has assisted nearly 200 Indian families with mortgage insurance.

Montana House™: The MBOH is working in partnership with the Blackfeet Community College to construct the Montana House™ as part of the college's vocational training curriculum. See page 10 for additional information on the Montana House™.

NeighborWorks Montana (NWMT) extends down payment and closing cost assistance to the Rocky Boy's, Flathead, and Fort Peck Reservations. Services offered to potential homebuyers on the reservation and statewide include credit counseling, homebuyer

training, and foreclosure prevention. NWMT provides second mortgages statewide (not just to the reservations) for down payment and closing cost assistance with funding received from Neighborhood Reinvestment.

The MBOH Low Income Housing Tax Credit Program has funded 14 projects submitted by tribes in Montana including the Salish and Kootenai, the Blackfeet, the Fort Belknap Housing Authority, Northern Cheyenne Housing Authority, and Fort Peck Housing Authority.

Tax credits and Native American Housing Assistance and Self-Determination Act (NAHASDA) funds have been shown to work well together and projects submitted by the tribes continue to score well as the Indian lands in Montana show a great need for safe, decent, affordable housing.

Efforts to Further Other Native American Opportunities

Indian Country Economic Development (ICED): ICED funds from the MDOC were first made available to tribal governments on October 1, 2005. Both the 59th and 60th Montana Legislatures made the funds available to support tribal business development projects, workforce training projects, entrepreneurial training, feasibility studies, and other types of economic development projects. In FY 2007, the Chippewa Cree Tribe, Blackfeet Indian Nation, Northern Cheyenne Tribe, Fort Belknap Indian Community, Fort Peck Tribes, Crow (Apsaalooke) Tribe, Little Shell Chippewa Tribe, and Confederated Salish and Kootenai Tribes received funding.

Montana Indian Business Alliance (MIBA): MIBA's sole purpose is to foster development of Indian owned businesses. With the assistance of Business Resources Division staff, the MIBA developed a website, **http://www.mibaonline.org**, that is a comprehensive yet developing resource for Indianpreneurs. A working group is compiling and publishing a *Montana Indian Business Directory*.

State Tribal Economic Development Commission (STEDC): In 1999, the Montana Legislature passed HB 670 establishing the State Tribal Economic Development Commission. This commission is tasked with conducting a comprehensive assessment of the economic needs and priorities of each Reservation and providing recommendations for accelerating economic development on these Reservations. The primary goal of the STEDC is to work with Native Americans to expand economic development opportunities on each of the seven Reservations in partnership with tribal governments and the federal government. Go to **http://tribal.mt.gov** for more information.

Heartland Institute: The MDOC supported more than half ($22,820) of a combined Heartland Institute called "HomeTown Competitiveness and Sustaining Success in Tribal Economic Development" in FY 2008. Nearly all of the planning for this training was completed in FY 2007. The National Tribal Development Association and Opportunity Link partnered with the MDOC to support the training. BRD staff solicited

outside financial support and planned the training. The training is unique nationally because it focused on rural and tribal economic development.

VIII. SPECIFIC HOME SUBMISSION REQUIREMENTS

PERIOD OF AFFORDABILITY

HOME assisted units must remain affordable for a specific length of time. Deed restrictions, covenants running with the land, or other approved mechanisms will ensure the HOME assisted units remain affordable during the minimum required period of affordability, depending on the amount of HOME dollars invested per unit in the project. After the required affordability period, the property may be sold without HOME restrictions. The table below outlines the affordability periods. Note that homeowner rehabilitation projects have no affordability requirements; however, HOME staff recommends restrictions similar to those for rehabilitation or acquisition of existing housing.

HOME PROGRAM PERIOD OF AFFORDABILITY				
	Years of Affordability			
Activity	**5**	**10**	**15**	**20**
New Construction or Acquisition of Newly Constructed Rental Housing (any $ amount)				**X**
Rehabilitation or Acquisition of Existing Housing, with HOME funds invested per unit as follows:				
Under $15,000 per unit	**X**			
$15,000 to $40,000 per unit		**X**		
Over $40,000 per unit or Rehabilitation involving Refinancing (Rental Housing Only)			**X**	

RESALE AND RECAPTURE PROVISIONS

As shown in the previous table, homebuyer assistance programs are subject to a period of affordability, based on the amount of HOME dollars invested. Sale of the property by the homebuyer during the period of affordability (see *HOME Program Period of Affordability* table, above) is subject to one of two options: resale restrictions or a possible recapture of the HOME subsidy. Each MDOC HOME grantee receiving HOME funds for homebuyer projects must specify which method it will use as part of its homebuyer program design and in its HOME Program-approved Management Plan. Resale must be used for properties that receive development subsidies only (i.e., no direct financial assistance is provided to the homebuyer).

Regardless of the option chosen, each MDOC HOME grantee receiving HOME funds for homebuyer projects must specify in its HOME Program-approved Management Plan how it will ensure the assisted household is using the property as their principal residence during the period of affordability. If the property does not continue to be the principal residence of the assisted family for the duration of the period of affordability, the MDOC HOME grantee must describe in the HOME Program-approved Management

Plan how the property will be made available for subsequent purchase to a low-income buyer who will use the property as the principal residence.

Resale

The **Resale** provision provides for the assisted property to remain affordable to the subsequent homebuyer for the period of affordability. The resale provisions of 24 CFR §92.254(a)(5) will be applied, requiring MDOC HOME grantees to describe the following provisions in the HOME Program-approved Management Plan:

1. Affordability. Housing is generally considered affordable if the purchaser's monthly payments of principal, interest, taxes, and insurance do not exceed 30 percent of the gross income of a family with an income equal to 80 percent of median income for the area, as determined by HUD, with adjustments for smaller and larger families.

   Housing purchased using HOME funds that is subsequently sold within the HOME-required period of affordability will be sold to another low-income family who must use the property as their principal residence. A period of affordability greater than that established by HOME may be selected by the MDOC HOME grantee. Subsequent buyers who purchase the property within the affordability period will start a new period of affordability if an infusion of new HOME funds is required to make the unit affordable.

   Affordability to the subsequent homebuyer will be assured through a shared allocation of funds from the resale, according to the policies and procedures proposed by the MDOC HOME grantee in the HOME Program-approved Management Plan and Program Income Plan. To make the resale unit affordable, the MDOC HOME grantee will apply funds in the following order:

   a. Funds returned to the MDOC HOME grantee from the sale, reimbursing any HOME-funded down payment and closing cost assistance; then

   b. Funds returned to the MDOC HOME grantee from the sale as the share of appreciation. The allocated amount of appreciation is to be determined by the MDOC HOME grantee and is subject to HOME Program approval; then

   c. The MDOC HOME grantee may use new HOME funds to make it affordable to the next homebuyer.

   The MDOC HOME grantee will ensure that the housing will remain affordable, pursuant to deed restrictions, covenants running with the land, or a similar mechanism to ensure affordability, to a reasonable range of low-income homebuyers. The affordability restrictions must terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure, or assignment of a FHA insured mortgage to HUD. The MDOC HOME grantee may exercise purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability

restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property.

2. Proceeds. If the MDOC HOME grantee's share of appreciation and reimbursement of HOME down payment and closing cost funds accomplishes affordability for the homebuyer during the period of affordability, any excess funds left after affordability has been accomplished shall be used for other HOME-eligible activities.

   Fair return to the **seller** will be accomplished within the net proceeds from sale as follows:

   a. Any outstanding loan balances from the first and/or second mortgages will be repaid; then
   b. HOME financed down payment and closing cost amounts will be returned to the MDOC HOME grantee; then
   c. Any remaining funds are divided between the MDOC HOME grantee and the seller according to the policies adopted by the MDOC HOME grantee in their Management Plan and Program Income Plan approved by the HOME Program.

NOTE: The prepayment of the HOME loan balance by the homeowner before the end of the period of affordability does NOT terminate the affordability period. The resale provision stays in place, including the entire affordability period and the principal residency requirement. The HOME grantee remains responsible for ensuring the requirements are met throughout the period of affordability.

Recapture

The HOME investment subject to **Recapture** is based on the amount of HOME assistance provided, the required affordability period, and the net proceeds available at time of title transfer. Any recaptured HOME investment must be reinvested in another HOME-eligible activity. The beneficiaries of that investment must also be low-income households.

There are four acceptable methods of recapture:

1. Recapture the entire amount. Recapture entire amount of the HOME investment from the homeowner. However, if there are no net proceeds or the net proceeds are insufficient to repay the HOME investment, only the amount of the net proceeds, if any, is recaptured.

2. Reduction during affordability period. The HOME investment amount to be recaptured may be reduced on a pro rata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period.

3. Shared net proceeds. If the net proceeds are not sufficient to recapture the full HOME investment (or a reduced amount as provided for above) plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment made by the owner since purchase, the participating jurisdiction may share the net proceeds. The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME Investment / (HOME Investment + Homeowner Investment)	x Net Proceeds	= HOME amount to be recaptured
Homeowner Investment / (HOME Investment + Homeowner Investment)	x Net Proceeds	= Amount to homeowner

4. Owner investment returned first. If agreed upon, the homebuyer may be allowed to recover his/her entire investment (down payment and capital improvements made by the owner since purchase) before recapturing the HOME investment.

Since net proceeds may sometimes exceed the amount necessary to repay both the homeowners' investment and the HOME subsidy, HOME recipients may, with prior HOME Program approval, elect to share the net appreciation as outlined in option 3 above.

Regardless of the recapture method used by HOME recipients, the recapture approach must be described in the written agreement with the assisted household at the time of the initial assistance. The assisted household must be fully informed so that they know what to expect at the time they sell their home, including how any appreciation will be shared.

NOTE: The prepayment of the HOME loan balance by the homeowner before the end of the period of affordability does NOT terminate the affordability period. The period remains in effect for written agreement timeframe unless the house is sold. The principal residence requirement stays in place, as does the shared appreciation at sale (if this was an option chosen by the HOME grantee). The HOME grantee remains responsible for ensuring the requirements are met throughout the period of affordability.

TENANT BASED RENTAL ASSISTANCE

HOME funds may be used for tenant based rental assistance (TBRA). TBRA is a rental subsidy program used to help an eligible tenant with rent costs and security deposits. TBRA payments make up the difference between the amount the family can afford to pay for housing costs (30% of adjusted annual income) and the rent standard of the housing selected by the family. The subsidy payment contract with the tenant cannot exceed 24 months. Prospective tenants must be notified that the TBRA assistance is temporary, not permanent in nature.

Because TBRA is a two-year program, it should be viewed as a short-term solution to a community's housing needs. Applicants must describe how local market conditions led

to the choice to use HOME funds for a TBRA program and must demonstrate how a TBRA Program would be used to initially resolve a need and how the community plans to address that need through means that are more permanent.

OTHER FORMS OF INVESTMENT

The state does not intend to use other forms of investment other than those described in 24 CFR §92.205(b):

> *A participating jurisdiction* (the state of Montana) *may invest HOME funds as equity investments, interest-bearing loans or advances, non-interest-bearing loans or advances, interest subsidies consistent with the purposes of this part, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with the purposes of this part. Each participating jurisdiction has the right to establish the terms of assistance, subject to the requirements of this part.*

AFFIRMATIVE MARKETING AND MINORITY/WOMEN'S BUSINESS OUTREACH

Each grantee receiving HOME funds must describe its affirmative marketing plan as a condition of receiving HOME funds. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. The affirmative marketing plan must include:

- Methods for informing the public, owners, and potential tenants about federal fair housing laws and the participating jurisdiction's affirmative marketing policy;
- Requirements and practices each owner must adhere to in order to carry out the affirmative marketing procedures and requirements;
- Procedures to be used by owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach;
- Records that will be kept describing actions taken by HOME grantee and by owners to affirmatively market units and records to assess the results of these actions; and
- A description of how the HOME grantee will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

In addition, each HOME grantee must describe its procedures for outreach to minorities and women and to entities owned by minorities and women in all contracts entered into by the HOME grantee and the steps that will be taken to ensure that minority business enterprises and women business enterprises are used when possible in the procurement of property and services.

REFINANCING

Currently, the state does not intend to use its HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds.

AMERICAN DREAM DOWNPAYMENT INITIATIVE

Planned Use of the ADDI Funds

ADDI funds were not included in the FFY 2009 HUD budget. Previous years' allocation of ADDI funding were granted as part of the set-aside for single family programs. A household may receive a maximum of $10,000 in ADDI funds; however, grantees may combine ADDI funds with regular HOME funds to provide more assistance to a household. In addition, the MBOH is providing a pool of lower-interest rate first mortgage funds to work with the state's ADDI funds.

In previous year's, a portion of Montana's ADDI funds were allocated non-competitively to the state's three entitlement cities, which are not large enough to receive an ADDI allocation directly from HUD. Since the MDOC's allocation of ADDI funds is based upon the number of low-income renters in the state relative to the number of low-income renters in the nation, the MDOC granted funds to Billings, Great Falls, and Missoula, based on the number of low-income renters in each city relative to the number of low-income renters in Montana. However, in Program Year 2008, the amounts allocated to the three cities totaled $12,296 and the cities chose not to access those funds. The cities were not required to submit applications to the MDOC but were required to demonstrate a viable plan for disbursing the ADDI funds in a timely manner.

Targeted Outreach

Grantees that receive ADDI funds must demonstrate that they are conducting outreach to residents of public and manufactured housing.

Suitability of Families

Homebuyer recipients of ADDI funds must complete a homebuyer education course and must provide documentation to verify they are first-time homebuyers.

IX. MONITORING

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CDBG projects will be monitored on-site during the plan year. A basic requirement of the Montana CDBG Programs, Housing and Neighborhood Renewal, Public Facilities and Economic Development, is that state program staff will monitor each project at least once. CDBG operates under a comprehensive monitoring system, meaning that all elements of the local CDBG project are reviewed in up to eleven different areas. Within

each of these areas, staff completes an extensive checklist whereby each project element is reviewed for compliance with HUD and state program requirements. Following the monitoring visit, staff writes a formal, follow-up letter to the chief elected official of the local government, noting any "Concerns," "Questions of Performance," or "Findings", that may have resulted from the monitoring visit. Local governments are asked to respond promptly regarding any questions of performance or findings.

HOME INVESTMENT PARTNERSHIPS PROGRAM

Typically, HOME projects will be monitored annually during the project development phase and at the conclusion of the project. Monitoring includes determining compliance with housing codes and applicable federal and state regulations and policies, assessing affirmative marketing actions and outreach to minority and women owned businesses, and ensuring that all funds have been properly expended and accounted for. The HOME Program staff will specifically check HOME funds drawn on a minimum of 15% of the drawdown requests for each HOME-funded project. In addition, monitoring visits verify that participants' incomes and rents, purchase price or after-rehabilitation values are within HOME limits.

In order to more efficiently use staff time and minimize the high cost of travel in a state as vast as Montana, the HOME Program is implementing a process to conduct desk monitoring for some grantees. Grantees selected for desk monitoring are considered to be low-risk based on factors such as past performance, experience completing similar types of projects, and low staff turnover.

On-site visits of rental units will be conducted throughout the period of affordability; the frequency of the visits is based on the number of project units. On-site visits of TBRA units will be performed each year during an active TBRA grant. During on-site visits, HOME staff members verify that properties meet HQS inspection requirements, house income-qualified tenants, and charge rents that meet HOME requirements. HOME staff also validates program income or CHDO proceeds reports during on-site visits.

Annually, grantees that received funds for rental or homebuyer assistance programs are required to certify that their projects still meet affordability requirements. For rentals, grantees must certify that tenant incomes and project rents meet HOME limits and that the property continues to meet housing quality standards. Homebuyer projects must certify that recipients of HOME funds continue to use the assisted property as their permanent residence and report any program income or CHDO proceeds resulting from property sales.

EMERGENCY SHELTER GRANT PROGRAM

The MDPHHS provides on-site monitoring of the ESG Program via regularly scheduled monitoring visits by program staff, using a monitoring tool. Staff reviews the matching requirements, budget, and performance (both financial and operational) against contacted activities in the approved ESG work plans. Staff reviews fiscal accountability

and timeliness of report submission. This monitoring is part of a comprehensive annual review of all programs funded by the Intergovernmental Human Services Bureau.

X. OTHER ACTIONS

ADDRESSING OBSTACLES TO MEETING UNDERSERVED NEEDS

New Freedom Initiative

Former President Bush, in announcing his *New Freedom Initiative*, identified a major discrepancy in the general rate of homeownership of 71% and the rate of households headed by people with disabilities, which stands at 10%. The Montana Home Choice Coalition believes these national figures are generally applicable to the homeownership gap present in Montana, and is committed to closing this gap for people with disabilities and their families.

Like other citizens, people with disabilities can benefit from homeownership. Efforts to provide homeownership opportunities and choices can be supported through a combination of funding programs and new initiatives. Individuals with disabilities may need access to more financial assistance than the average first-time homebuyer due to limitations on work and related earning power due to their disability.

U.S. Supreme Court Olmstead Decision

In 1999, the U.S. Supreme Court Olmstead Decision established that states must work to provide people with disabilities who currently reside in institutions or other intensive levels of care, like nursing homes, with appropriate and meaningful opportunities for full access to community life. A fundamental piece of creating appropriate community living options is appropriate housing. The Bush Administration's *New Freedom Initiative* called for swift implementation of the *Olmstead* Decision and calls on federal agencies, including HUD-funded programs to identify and remove obstacles that prevent people with disabilities from full participation in community life and to work cooperatively to assist the states in creating appropriate *Olmstead* solutions across the country. *Olmstead* also covers people with disabilities who are inappropriately served at levels of restrictive care that are higher than necessary.

In Montana, the major institutions serving people with severe disabilities include the Montana State Hospital, Warm Springs, and the state Nursing Care Center, Lewistown, which serve people with mental illness, and the Developmental Center, Boulder, serving people with developmental disabilities.

Coordination with Low Income Housing Tax Credits

The Montana Board of Housing, which administers the LIHTC Program, is administratively attached to the MDOC and is co-located with the Housing Division, which administers the HOME Program. The MDOC Community Development Division

administers the housing portion of the CDBG Program and is located near the Housing Division. The programs work well together and often jointly fund housing projects around the state. The programs developed the Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs, which contains the common forms and checklists the applicant must submit when seeking financial assistance from any of the funding programs. The use of common forms and checklists reduces the time, effort, and expense incurred when applying to multiple agencies for financial assistance. In addition, the programs participate in various workshops and meetings, providing insights, input, and recommendations on how the programs can better work together and reduce the administrative burden on applicants.

Transportation

In a state as large as Montana, transportation can be a significant barrier. A network of public transportation needs to be created to move workers and members of their families between their homes and hubs for education, employment, access to services, and recreation/entertainment. Cost-effective transportation that allows flexibility to increase efficiency of the systems is needed. In the short-term, these transportation systems will require substantial subsidies; as greater use is made of the public transportation systems, these subsidies will be reduced greatly.

One of the high priorities for public transportation should be to serve Montana's tribal communities, with high unemployment and poverty rates. Throughout the state, access to jobs is denied to residents of reservations due to lack of reliable transportation to work. In these situations, a job only 10 or 20 miles away may be out-of-reach for tribal members. The same holds true in these communities for access to training and educational programs and certain social services.

In eastern Montana, projects are underway to revitalize the economy of the area. One of these projects involves creation of economic "hubs", which could provide infrastructure for multiple businesses. Employees for these companies are expected to commute to the hubs for training and jobs. Employees would not move to the hub, but would commute for work, and then return with their paychecks to their own communities. This would bring new wealth to these communities, which would increase local tax bases and provide money for much needed infrastructure. In addition, retail businesses in towns would grow to meet the increased demands for goods and services.

Although not all parts of Montana are suffering from the same economic woes, public transportation networks along the major corridors would provide greater access to health facilities and institutions of higher education.

FOSTERING AND MAINTAINING AFFORDABLE HOUSING

Faced with the overwhelming demand for affordable housing, the state will implement programs and deliver resources to in-need populations around Montana in an attempt to continually foster and maintain affordable housing. No single objective has the same priority in all of Montana's communities. Likewise, no single action can meet the specific

housing needs and objectives of any given community. Nevertheless, the MDOC is committed to moving forward with the following housing objectives and actions designed to meet those objectives.

It should be noted that Homeownership will be facing two challenges in the coming year. While Montana's level of foreclosures from subprime lending is relatively low, the economic downturn in the state's economy is increasing the frequency of foreclosures, especially in Flathead and Ravalli counties, on many of the Indian Reservations, and in the three MSAs, Missoula, Great Falls, and Billings. The MBOH supports a network of foreclosure counselors through its own funds, HUD Homeownership Counseling and National Foreclosure Mitigation Counseling program funds. These counselors are available at no charge to assist any homebuyer who is facing foreclosure or anticipating difficulty in making their mortgage payments.

The second challenge is the tightening of credit and credit standards to support first-time homebuyers. The Montana Board of Housing supports a network of certified homebuyer education and counseling providers across the state to assist first-time homebuyers with information and counseling about what is needed to qualify for a home loan, and what is involved in locating and financing a home. Home purchase costs have stabilized and even declined slightly in a few areas of the state. While lower mortgage interest rates and lower house prices make this a good time to purchase a home, these lower rates are not sufficient to fill the affordability gap in many areas of the state. With tighter credit and down payment requirements, it is likely that fewer households will be purchasing homes than in the past. Additionally, ongoing affordability gaps and higher down payment requirements will likely increase the amount of assistance needed by each household; thereby lowering the total number of homebuyers receiving down payment assistance and buying homes.

- **State Objective:** Provide homeownership opportunities to low- and moderate-income households throughout Montana.

  Actions:

  - Continue to make HOME funds available for homebuyer programs throughout the state, assisting an estimated 110 homebuyers per year.
  - Continue to make MBOH bond funds available to assist approximately 1,500 low- to moderate-income homebuyers each year with low interest rate loans, assuming market mortgage interest rates and MBOH mortgage interest rates align as they have in the past and borrowers are able to meet tightened credit requirements.
  - Continue to operate the Mortgage Credit Certificate (MCC) Program, which was reauthorized in January 2006. The MBOH anticipates use of the MCC will continue to grow over the next several years.
  - Continue to make funds available through the MBOH's Single Family Recycled Mortgage Program to lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other single-family programs. The MBOH expects to make approximately $30 million

available for financing to 300 very low-income families per year, assuming market mortgage interest rates and MBOH mortgage interest rates align as they have in the past and borrowers are able to meet tightened credit requirements.

- Continue to make funds available through the MBOH's Disabled Accessible Affordable Homeownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 50 homes with nearly $3.25 million in recycled mortgage funds over the five-year period.
- Continue to offer the Fannie Mae MyMontanaMortgage product through a partnership with the MBOH and Fannie Mae and its lending network. This includes the HomeChoice option targeted at the homeownership needs of individuals and families with disabilities to provide a below market interest rate mortgage to persons with disabilities that do not require architecturally accessible homes or other physical modifications be made to the home.
- Continue to make HOME and CDBG funding available for homeowner rehabilitation programs throughout the state, assisting an estimated 30–40 homeowner units per year.
- Continue to leverage HOME and CDBG funds with weatherization programs administered throughout the state.
- Continue to promote housing that is modified or constructed to meet federal and state energy efficiency standards.
- Continue to implement application scoring for the HOME and LIHTC that incorporates additional points for energy efficiency and green building.
- Continue to require homebuyer education classes for all homebuyers assisted with HOME funds as a condition of receiving the funds.
- Continue to collaborate on obtaining funds for organizations that provide homebuyer training.
- Continue to explore creative means to deliver homebuyer training in rural areas. Increase the use of web casts and video conferencing for homebuyer education, especially in remote areas.
- Increase awareness of and monitor the level of predatory lending practices by continuing to support legislation to reform the payday and title loan industry, including participating in the Montana Alliance for Responsible Finance and the Montana Financial Education Coalition.
- Continue to support the Section 8 Homeownership Voucher Program.
- Coordinate with educational institutions to facilitate technical construction, weatherization, and home-improvement courses.
- Continue to support private foundations committed to leveraging federal dollars for affordable housing throughout the state.

- Continue to support programs such as the Montana House™ - Montana Made Homes Program, a partnership between the MBOH, the Blackfeet and Miles Community Colleges, and private nonprofit housing providers around the state. The MBOH provides financing for vocational students to construct modular homes at the colleges.

➢ **State Objective:** Improve the quality and availability of affordable rental housing for low- and moderate-income households.

Actions:

- Utilize HOME funds to rehabilitate existing and construct new rental housing, approximately 140 units per year. To the extent possible, preserve rental units subject to expiring HUD or 515 Rural Development contracts to ensure these units continue to remain viable, affordable units.
- Utilize the LIHTC Program to construct or preserve an estimated 200 units of rental housing per year. Annual authority is estimated at $2.5 million plus any inflation factor the IRS may calculate, which provides an equity infusion of approximately $19 million per year for production of affordable housing.
- Continue to promote housing that is modified or constructed to meet federal and state energy efficiency standards; new construction using HOME and CDBG funds are required to conform to federal and state energy efficiency standards.
- Continue to refine and use application scoring for the HOME and LIHTC that incorporates additional points for energy efficiency and green building.
- Continue to support the Section 8 housing choice voucher program, which provides essential rental subsidy to very low and low-income Montanans.
- Continue to offer permanent mortgage financing for affordable rental housing in partnership with the MBOH and HUD's Risk Sharing Program, which provides mortgage loan insurance.
- Continue to offer permanent mortgage financing through the MBOH's General Obligation Program, which issues tax-exempt bonds to finance projects that do not have mortgage insurance.
- Continue support the Mountain Plains Equity Group, Inc. (MPEG). The MBOH joined with the North Dakota Housing Finance Agency and the Wyoming Community Development Authority to form the MPEG. The purpose of the investment group is to support the development of affordable multi-family housing in communities throughout the tri-state area. Smaller projects, particularly in rural communities, can be expensive and difficult for housing authorities, nonprofit entities, and other developers to put together. MPEG is expected to ease the development of multi-family housing. MPEG is structured as a nonprofit corporation to make investments in LIHTC projects and potentially historic tax credit projects.

- **State Objective:** Provide housing options for the elderly and special needs populations.[47]

  Actions:

  - Continue to market and support the Reverse Annuity Mortgage Loan Program, which enables Montana homeowners over 68 years old to provide for their own in-home support by utilizing cash from a Reverse Annuity Mortgage.
  - Address the perceived need for assisted living housing for the elderly by promoting a study on elderly housing issues in rural areas.
  - Continue to utilize HOME and CDBG funds to develop projects targeted to physically, developmentally and mentally disabled households.
  - Increase rental housing, supported living arrangements, group living, and homeownership opportunities for persons with severe and disabling mental illness (SDMI), developmental disabilities, mobility impairments, and other disabilities, especially through cooperation with the Montana Home Choice Coalition and other organizations, as appropriate.
  - Continue to make funds available through the Disabled Accessible Affordable Homeownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 50 homes with nearly $3.25 million in recycled mortgage funds over the five-year period.
  - Continue to offer the Fannie Mae MyMontanaMortgage product through a partnership with the MBOH and Fannie Mae and its lending network. This includes the HomeChoice option targeted at the homeownership needs of individuals and families with disabilities to provide a below market interest rate mortgage to persons with disabilities that do not require architecturally accessible homes or other physical modifications be made to the home.
  - Continue to support education offered other organizations regarding universal design and accessibility requirements in order to increase the number of accessible multi- and single-family units available.

- **State Objective:** Affirmatively further fair housing and implement objectives and actions identified in the *Analysis of Impediments to Fair Housing*.[48]

  Actions:

  - Continue to require all HOME and CDBG grantees to abide by fair housing laws and take actions to provide housing services and programs free of discrimination;
  - Continue to maintain records reflecting the analysis and actions taken;

[47] HUD defines special needs households as a household where one or more persons have mobility impairments or disabilities, i.e., mental, physical, developmental, persons with HIV/AIDS; or with alcohol or other drug addiction that may require housing with supportive services.

[48] *Analysis of Impediments to Fair Housing and Housing Choice*, Western Economic Services, LLC, November 2004; **http://housing.mt.gov/Hous_CP_AnalysisImpedFrHsg.asp**

- Work to improve the understanding of fair housing law and proper construction practices by:
  - Improving the general public's understanding of fair housing law through further outreach and education.
  - Exploring the feasibility of incorporating homebuyer training at the secondary education level. Communicate how credit markets work, how to avoid credit problems, and what predatory lending practices are to an audience entering the rental or homebuyer market.
  - Designing educational training sessions for specific subgroups, including consumers and providers of housing to improve the fair housing educational experience.
  - Continuing to publish and distribute fair housing educational materials and guides.
  - Continue to update and promote the *Montana Housing Resource Directory*[49], which includes descriptions of a variety of federal, state, and local housing programs available in Montana and a section on "Housing Rights, Fair Housing Advocates, Legal Assistance, and Other Resources."
  - Encourage partnerships among the disabled community, housing developers, builders, and other housing providers.
  - Increase the MDOC's role as an information clearinghouse by including additional information on the Housing Division website, including:
    - Montana Landlord/Tenant Law;
    - Federal and Montana fair housing laws; and
    - ADA and 504 design and construction standards.

➢ **State Objective:** Decrease housing environmental hazards such as asbestos, lead-based paint, and methamphetamine contamination.

Actions:

- Enforce all applicable federal and state environmental laws;
- Present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops;
- Continue to require the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed;
- Continue to promote and support lead-based paint training and certification; and
- Provide information on methamphetamine at workshops and conferences.

[49] *Montana Housing Resource Directory*, Montana Department of Commerce, November 2007; **http://housing.mt.gov/Hous_CP_HsgResDir.asp**

- **State Objective:** Improve the efficiency of the MDOC housing programs**.**

  Actions:

  - Market the resources available to acquire, build, preserve, or rehabilitate affordable housing units by continuing the participation of the HOME and CDBG Program staff in joint affordable housing workshops each year. Other participating programs include the MBOH's LIHTC and Homeownership Programs and USDA-RD Housing Programs.
  - HOME, CDBG, MBOH, and USDA Rural Development staffs expect ongoing, active participation in the efforts to simplify and standardize housing program delivery in Montana. The Uniform Application is in use, and efforts during the coming year will focus on standardizing environmental review processes, contents of grant administration manuals, and compliance monitoring.
  - Examine the allocation procedure in order to simplify and maximize the efficiency with which HOME funds are allocated and to ensure that they are being leveraged to the greatest extent possible.
  - Continue to encourage CDBG housing funds be used as part of an overall neighborhood or community renewal effort.
  - Continue to utilize technical assistance providers to the fullest extent possible. Emphasis will continue to be on community needs assessment and project development. Staff members of each MDOC program continue to market the programs and educate potential participants in the programs. The CDBG Program proposes to continue to provide capacity building training and other technical assistance to local governments. This training relates to general community planning, capital improvement planning, providing affordable housing, fair housing education, and environmental compliance.
  - Increase training opportunities in housing construction as part of an overall economic development strategy that specifically targets training to at-risk populations, such as participants in the Job Corps, inmates in the prison system and residents of Indian Reservations.

BARRIERS TO AFFORDABLE HOUSING

Regulatory barriers do not have a significant impact on housing costs in Montana. Only a limited number of municipalities have adopted zoning. Local governments are not permitted to adopt their own building codes and must enforce the uniform codes adopted by the state, which are national or international codes[50] adopted by reference. Few, if any, counties enforce building codes outside of municipalities. A 2007 survey completed by the Montana Department of Fish, Wildlife, and Parks, found that only 23

[50] National Electrical Code, as amended; Uniform Plumbing Code, as amended; International Mechanical Code; International Building Code; International Residential Code (one- and two-family dwellings and townhouses up to three stories in height); residential energy standards adopted and amended by the State of Montana, incorporating the International Energy Conservation Code; International Existing Building Code, and; International Fuel Gas Code (natural gas/propane installation).

of Montana's 56 counties had any type of zoning, whether permanent or pursuant to interim ordinances.

The Montana Code Annotated [MCA] 76-1-601 governs growth policy for the state. Specifically, a growth policy may cover all or part of the jurisdictional area. A growth policy must include the elements listed in the code by October 1, 2006. The extent to which a growth policy addresses the elements that are listed below is at the full discretion of the governing body. A growth policy must include:

a. Community goals and objectives;
b. Maps and text describing an inventory of the existing characteristics and features of the jurisdictional area, including land uses; population; housing needs; economic conditions; local services; public facilities; natural resources; and other characteristics and features proposed by the planning board and adopted by the governing bodies;
c. Projected trends for the life of the growth policy for land use; population; housing needs; economic conditions; local services; natural resources; and other elements proposed by the planning board and adopted by the governing bodies;
d. A description of policies, regulations, and other measures to be implemented in order to achieve the goals and objectives established;

Clearly, the greatest barrier to affordable housing in the state is the lack of resources available. The state works to maximize limited resources by working with lenders, landlords, REALTORS®, other state agencies.

ADDRESSING LEAD-BASED PAINT

The HUD lead-based paint (LBP) regulations for pre-1978 homes, known as Title X, Section 1012/1013, went into effect on September 15, 2000. On March 31, 2008, the United States Environmental Protection Agency (EPA) issued a rule requiring the use of lead-safe practices and other actions aimed at preventing lead poisoning. Under the rule, beginning in April 2010, contractors performing renovation, repair and painting projects that disturb lead-based paint in homes, child care facilities, and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination. Until that time, EPA recommends that anyone performing renovation, repair, and painting projects that disturb lead-based paint in pre-1978 homes, child care facilities and schools follow lead-safe work practices to reduce potential exposure to dangerous levels of lead for children in places they frequent.

Lead-hazard information for renovation, repair and painting activities is found in the EPA lead hazard information pamphlet, *Renovate Right: Important Lead Hazard Information for Families, Child Care Providers, and Schools*. The pamphlet is available online at: **http://www.epa.gov/lead/pubs/renovaterightbrochure.pdf**.

Beginning in December 2008, the rule requires that contractors performing renovation, repair and painting projects that disturb lead-based paint provide the *Renovate Right:*

Important Lead Hazard Information for Families, Child Care Providers, and Schools lead hazard information pamphlet to owners and occupants of child care facilities and to parents and guardians of children under age six that attend child care facilities built prior to 1978.

The rule will affect paid renovators who work in pre-1978 housing and child-occupied facilities, including:

- Renovation contractors
- Maintenance workers in multi-family housing
- Painters and other specialty trades.

Under the rule, child-occupied facilities are defined as residential, public, or commercial buildings where children under age six are present on a regular basis. The requirements apply to renovation, repair, or painting activities. The rule does not apply to minor maintenance or repair activities where less than six square feet[51] of lead-based paint is disturbed in a room or where less then 20 square feet of lead-based paint is disturbed on the exterior. Window replacement is **not** minor maintenance or repair.

After April 2010, federal law will require contractors to be certified and to use lead-safe work practices. Information on lead-safe work practices for contractors in the EPA pamphlet, *Contractors: Lead Safety During Renovation*, is available on EPA's web site at: **http://www.epa.gov/lead/pubs/contractor_brochure.pdf**.

Anyone who owns or manages housing or child-occupied facilities built before 1978 and contractors who perform activities that disturb painted surfaces (including certain repairs and maintenance, and painting preparation activities) in homes and child occupied facilities built before 1978 should also read EPA's handbook, *Small Entity Compliance guide to Renovate Right: EPA's Lead-Based Paint Renovation, Repair, and Painting Program:* **http://www.epa.gov/lead/pubs/sbcomplianceguide.pdf**.

The state of Montana has a commitment to ensure that recipients of HOME, CDBG, and ESG funds administer programs that adequately limit the risks associated with lead-based paint. Recipients of funding through these block grant programs are required to comply with all federal, state and local lead-based paint regulations.

Based on the number of houses in Montana that were built in 1979 or before[52], it is estimated that there are nearly 285,500 Montana housing units at risk of containing lead-based paint. Although this is approximately 69% of the housing units in the state, it is important to note that one cannot assume all of these units contain lead-based paint and the presence of lead-based paint alone does not indicate the extent of exposure

[51] Less than two square feet per HUD's Lead-Safe Housing Rule (24 CFR Part 35)

[52] *Housing Condition Study*, Center for Applied Economic Research, Montana State University-Billings, February 2005; **http://housing.mt.gov/Hous_CP_HsgCondStdy.asp**. Note: Data only available in 10-year increments: 1960-1969, 1970-1979, etc.

hazards. Education and awareness of the potential hazards and the need to properly maintain, control, and abate lead based paint is crucial.

Applicants for CDBG and HOME funds are made aware of the requirements of the lead-based paint regulations before they apply for funds. If funded, applicants receive additional information on dealing with lead-based paint hazards. Technical assistance is available throughout the project. The MDOC also promotes the free lead training whenever it is offered in Montana. Both the CDBG and HOME Programs allow funds to be used to assist with the cost of lead-based paint removal activities, depending upon the type of activity being funded.

The MDOC HOME Program requires grantees dealing with potential lead-based paint hazards to perform, at a minimum, visual inspections to identify possible lead-based paint hazards for projects wishing to use HOME funds. Personnel conducting visual inspections are required to complete HUD's on-line Lead-Based Paint Visual Assessment Training[53], an on-line, self-paced training module for people performing visual assessments for deteriorating paint, dust, and debris. In addition, housing quality standards (HQS) inspections are performed annually at HOME, Section 8 and other rental properties throughout the state, and all homes being purchased with the assistance of HOME funds.

The MDOC has adopted a policy on lead hazard reduction in keeping with federal regulations. For projects involving a home constructed prior to 1978, grantees are required to notify project beneficiaries about the hazards of lead-based paint. In addition, if housing built prior to 1978 is being rehabilitated, the housing must be inspected for defective paint. If surfaces are found to be defective, they must be treated in the course of rehabilitation.

Full abatement of lead-burdened housing is a worthwhile goal. However, it is costly and caution must be taken to ensure that the work is performed in a safe manner by certified workers.

The more populated areas of the state have workers trained in lead-safe work practices, qualifying them to work on rehab projects costing less than $25,000. This covers most of the single-family rehabilitation projects conducted with federal funds. Rural areas of the state, where rehabilitation is often the largest part of housing strategies, remain under-prepared to address lead-based paint hazards. Significant portions of rehabilitation program budgets now go to addressing LBP hazards.

There is a limited number of EPA certified Inspectors and Risk Assessors available in Montana to work on projects costing more than $25,000. In response, the MDOC in 2005 funded the establishment of an accredited EPA Inspector and Risk Assessor training program at Montana State University in Bozeman. The MSU program is the first and only EPA accredited training program of its type in Montana.

[53] **http://www.hud.gov/offices/lead/training/training_curricula.cfm**

The MDOC does not have a lead testing or abatement program in place at this time and does not plan to test or study housing units located in the state. However, for projects assisted with HOME or CDBG funds, grantees are required to ensure that the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed. In addition, the HOME and CDBG Programs present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops. Further, the MDOC promotes lead-based paint training whenever possible.

The state does have one accredited lead analysis laboratory, Northern Analytical Laboratories of Billings, which can perform analyses on paint chips, dust wipes, and soil. The state also has several individual contractors and a few companies certified to perform LBP activities within the state; however, coverage is spotty, and the construction industry and the persons involved in construction are constantly changing.

Additional information about lead-based paint abatement is available through the EPA at: **http://www.epa.gov/lead/pubs/renovation.htm**. Information on HUD's Lead-Safe Housing Rule is located at: **http://www.hud.gov/offices/lead/enforcement/lshr.cfm**.

REDUCING THE NUMBER OF POVERTY LEVEL FAMILIES

Montana has a high proportion of families who live near the official poverty level. (See maps on page 54.) Montana's poverty rate was estimated to be 13.3% in 2000, 14.0% in 2001 and 2002, 14.2% in 2003, 14.1% in 2004 before dropping to 13.8% in 2005 and 13.5% in 2006. Although Montana's overall poverty rate has decreased since 1990, the poverty rate for Montana's families has not. The total number of families under the poverty level has increased 20.7% from the 1990 Census to Census 2000.[54]

POVERTY RATE OF ALL AGES

State	2004		2005		2006	
	%	Rank	%	Rank	%	Rank
Idaho	9.9%	13	9.9%	12	9.5%	13
Montana	**14.1%**	**37**	**13.8%**	**36**	**13.5%**	**37**
North Dakota	9.7%	11	11.2%	20	11.4%	28
South Dakota	13.4%	36	11.8%	26	10.7%	24
Wyoming	9.9%	15	10.6%	17	10.0%	16
UNITED STATES	12.7%	--	12.6%	--	12.3%	--

Source: U.S. Census Bureau, CPS

It is the goal of the state to assist these families to improve their standard of living and escape poverty. The state utilizes a number of strategies to accomplish this goal.

First, Montana is committed to utilizing employment as the primary strategy for poverty reduction. The state has a well-coordinated employment and training system, which ensures that resources for advancement through employment, such as the Workforce Investment Act (WIA), Temporary Assistance for Needy Families (TANF), and state resources such as higher education and economic development, are available to low-income families. The Work Readiness Component (WoRC) provides employment and

[54] *Economic and Demographic Analysis of Montana, Volume II Economic Profile*, Montana Department of Commerce, December 2007; **http://housing.mt.gov/Includes/CP/Docs&Rpts/CP_E&D-Vol-I_12-07.pdf**

training services to individuals receiving cash assistance. Administrators of these programs meet regularly to ensure coordination and results.

Second, the state provides a series of work supports to stabilize families as they increase their skills and seek better employment. These supports include TANF, energy assistance, health care, childcare, housing assistance and advocacy. The Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) provides benefits to eligible families to supplement their food budget and increase their ability to purchase healthy foods. A SNAP Nutrition Education (SNAP-Ed), operated jointly with Montana State University, teaches participants to use their food stamp benefits wisely.[55]

Additionally, the Executive Branch is committed to a comprehensive approach to poverty reduction. Agencies serving low-income families have been included in a series of economic development activities. In addition, the Governor has supported a comprehensive effort to end chronic homelessness in Montana.

In May 2006, the Governor launched a family economic security project, a new demonstration project aimed at improving the economic security of low-income families. The Family Economic Security Services Demonstration Project will be administered by the MDPHHS. It will be funded with part of a "high-performance bonus" the state received from the federal government for its success in facilitating employment for people who get cash assistance through the TANF program. The goal of the project is to develop innovative services to help families improve their financial literacy and build their personal assets in order to improve their long-term economic situation.

In November 2006, Montana voters approved Initiative 151, which raised the minimum wage from the federally mandated $5.15 per hour to $6.15 per hour on January 1, 2007. The initiative also calls for year adjustments tied to the cost of living. The wage, which is adjusted each September based on the national Consumer Price Index, increased to $6.90 on January 1, 2009. Effective July 24, 2009, the minimum wage is scheduled to increase to $7.25 based on the federal minimum wage increase. Initiative 151 did not change the $4-an-hour minimum wage for a business whose annual gross sales are $110,000 or less.

DEVELOPING INSTITUTIONAL STRUCTURES

The state remains committed to developing and enhancing institutional structure in the state, including private industry, nonprofit organizations, public institutions, and local governments. The state supports policies and programs that support decent, safe, affordable housing, services for the homeless, and other non-housing community development activities, such as infrastructure enhancement and economic development. Throughout the year, CDBG, HOME and ESG and other MDOC and MDPHHS staff participate in various working groups, committees, and councils that further promotes developing and enhancing institutional structure, as discussed in the section on Consultation and Coordination. The state maintains its commitment to inform

[55] **http://www.dphhs.mt.gov/hcsd/**

others of their responsibility to participate in the consolidated planning process and to promote affordable housing, adequate infrastructure, and economic development in local communities and supports a broad-based “team” approach to address community development and housing issues.

Housing

The MDOC Housing Division administers the HOME and statewide Section 8 Programs. The Montana Board of Housing is administratively attached to the MDOC and is co-located with the Housing Division. The MDOC Community Development Division, located next to the Housing Division, administers the housing portion of the CDBG Program. The Montana Department of Public Health and Human Services administers the ESG Program and the HOPWA Program, funded through a competitive HUD grant.

The MBOH and the Housing and Community Development Divisions of the MDOC, USDA Rural Development, and others continue improving coordination in the area of joint applications, workshops, reporting forms, and project monitoring.

The MDOC HOME Program continues to advise nonprofit groups on how to form certified community housing development organizations. Local units of government (cities, towns, and counties), PHAs, and CHDOs are eligible to apply for HOME grant funds under the HUD-approved program description. Additionally, local governments, PHAs, and CHDOs approved to access HOME funds for homebuyer assistance also qualify to access set-aside first mortgage loan funds from the MBOH at a lower interest rate.

Community and Economic Development

The Community Development Block Grant Programs, administered by the Community Development and Business Resources Divisions of the MDOC, work with eligible units of local government in distributing CDBG funds. Funds are awarded on a competitive basis throughout the state. The CDD conducts training for recipient communities after grant awards to acquaint the recipients with the federal requirements that accompany the funds. Issues addressed include environmental review, labor standards, procurement standards, and civil rights, fair housing and equal opportunity.

In addition, the CDBG programs conduct an annual public hearing on proposed application deadlines, allocation of funds, and program changes for the upcoming year. Local government officials and staff, community and economic development agencies, and other organizations and individuals interested in the Montana CDBG Program are notified in advance of the hearing and are invited to comment, either in person or in writing.

To further assist the communities across the state of Montana, the 2007 Legislature authorized funding for the MDOC to reestablish the Community Technical Assistance Program that was eliminated in the 2003 session. The CDD now administers CTAP with the assistance of a staff attorney and planner. With these two positions, CTAP can now

provide land use and general community planning technical assistance to local governments, developers, surveyors, and the public.

Montana Finance Information Center

The Montana Finance Information Center (**www.mtfinanceonline.com**) provides summary information for significant financing resources available from state, federal, and local institutions. The website is organized as much as possible by source and point of application. Preference for organizational purposes is given to the actual level that provides funding to businesses and local governments. For example, the state of Montana MicroBusiness Development Loan Program is listed under local resources because the business applicant applies locally within each of the MicroBusiness Development Corporation (MBDC) regions, not directly to the state. The financing decision is made locally. Direct web links are provided wherever possible for direct connection to funding sources.

Regional Development

Montana is divided into five regions with a Regional Development Officer (RDO) assigned to each area as a representative of the MDOC (for more information, go to **http://businessresources.mt.gov/BRD_RD.asp**). The RDOs live in their regions and are a resource to businesses, local development corporations, and communities in the area. The program serves as an access point to all relevant MDOC resources and other relevant business and community development resources. The primary purpose of this program is to provide technical assistance to businesses for obtaining financing for start-ups, expansions, business locations from out of state, and retention projects.

Goals and objectives for regional development include:

- Ensuring that all areas of Montana have reasonably equal access to funding and technical assistance resources.
- Developing close and effective working relationships with businesses and the resources that benefit them in their efforts to grow and create new employment in Montana.
- Working closely with the Governor's Office of Economic Opportunity with its economic development activities, including business recruitment efforts.
- Assisting MDOC programs with efforts to maximize leverage of other funds, help businesses create higher paying and sustainable jobs, and provide equal access to information and programs across Montana.
- Improving the capacity of local development efforts through technical assistance and working with the Certified Regional Development Corporations Program.

Certified Regional Development Corporations

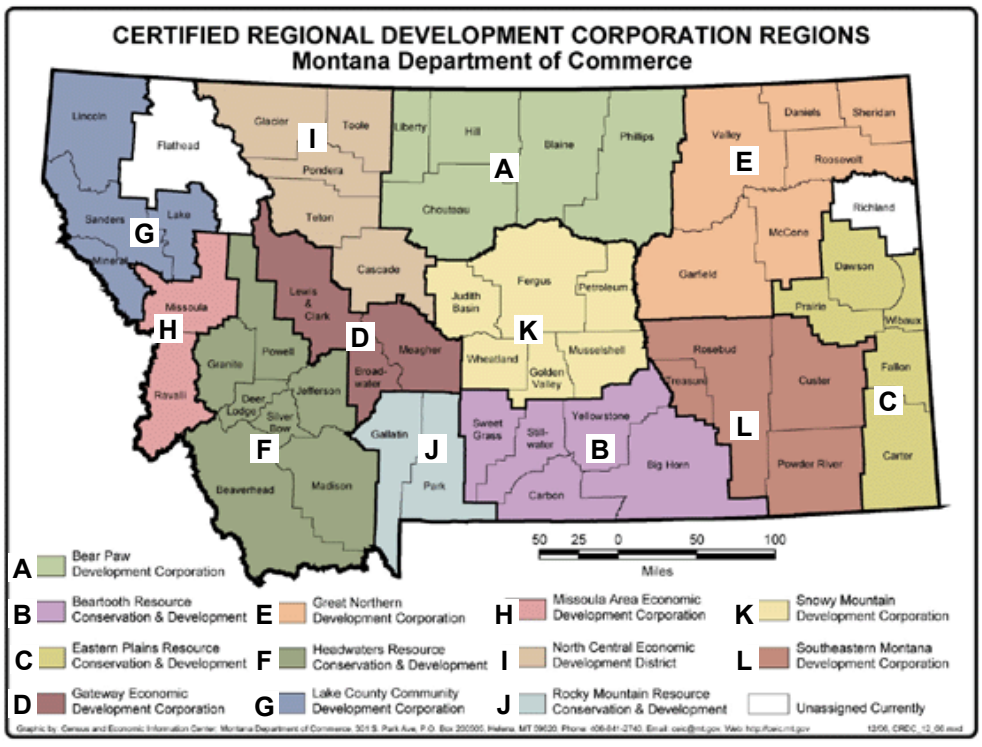
The 2003 Montana Legislature created the Certified Regional Development Corporations program. The legislative intent of the CRDC program is to encourage a

regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity building.

CRDCs are required to have the support of all counties and a majority of the incorporated cities and towns in their region to obtain and maintain certification. Twelve CRDCs have been formed (see following map) and placed under contract to provide technical assistance within their respective regions.

CRDCs are responsible for helping local officials, communities, and businesses "assess, plan, and facilitate action" within their regions. CRDCs facilitate the identification of priority needs of local communities. There is a clear recognition that local strategic planning is critical in developing local economies. CRDCs foster collaboration and bring elected officials, business leaders, and stakeholders together to prepare and implement regional development strategies.

CRDCs also provide business technical assistance and financing, leveraging financial resources from a variety of sectors that include government (federal, state, county, and local), the private sector, philanthropic community, and academia to aid in the expansion of their regions economy. For example, CRDCs manage revolving loan funds that are designed to assist new and expanding businesses. Business financing through an RLF assists in making a project a reality and thereby creating new local employment opportunities.



The MDOC has taken a position to encourage regional planning efforts, coordination, and communication among local development entities and local governments. In 2007, the MDOC began requiring applicants to the CDBG-ED to provide a copy of a resolution

of support passed by the board of their regional Certified Regional Development Corporation. If an applicant's area is not covered by a CRDC, the applicant must provide narrative explaining why it does not participate in a regional planning effort.

Also beginning in plan year 2007, local governments applying for assistance within the CDBG public facilities or housing categories are encouraged to obtain a resolution of support from the appropriate CRDC.

Go to **http://businessresources.mt.gov/BRD_CRDC.asp** for more information on the CRDCs.

Public Institutions

The Montana Department of Public Health and Human Services is the primary state agency overseeing a number of programs impacting Montanans' daily lives. The mission of the MDPHHS is to improve and protect the health, well-being, and self-reliance of all Montanans. Programs and services administered by the MDPHHS include aging services, long-term care, disability services, drug and alcohol addiction, mental health, foster care, adoption, childcare, protection and support, energy assistance, public health and safety, food stamps, and public assistance. For additional information on the MDPHHS, go to **http://www.dphhs.mt.gov/**

Senior and Long Term Care

The Senior and Long Term Care Division advocates and promotes dignity and independence for older Montanans and Montanans with disabilities by providing information, education, and assistance; planning, developing and providing for quality long-term care services; and operating within a cost–effective service delivery system. The division administers aging services, adult protective services, and the state's two veterans' homes. It also helps to fund care for elderly and disabled Montanans who are eligible for Medicaid and Supplemental Security Income.

Disability Services Division

The mission of the Disability Services Division (DSD) of the MDPHHS is to provide services that help Montanans with disabilities to live, work, and fully participate in their communities. DSD provides or contracts to provide a wide variety of services for Montanans of all ages who have physical, mental, or developmental disabilities.

Services are provided through five primary programs: Developmental Disabilities, Vocational Rehabilitation including Blind and Low Vision Services, Disability Determination, the Montana Telecommunications Access Program, and the Montana Developmental Center in Boulder. Among the services DSD provides are residential services, community supports, home-based services for families, case management, a variety of employment outcome-related services, telephone relay service and equipment, rehabilitation counseling, and specialized services for blind and visually

impaired individuals, which includes low vision evaluations and equipment for older individuals with visual impairments to maintain independence.

Addictive & Mental Disorders Division

The mission of the Addictive and Mental Disorders Division (AMDD) of the Montana Department of Public Health and Human Services is to implement and improve an appropriate statewide system of prevention, treatment, care, and rehabilitation for Montanans with mental disorders or addictions to drugs or alcohol. AMDD provides chemical dependency and adult mental health services by contracting and providing reimbursement for services with behavioral health providers throughout Montana. It also provides services through three inpatient facilities: the Montana State Hospital in Warm Springs, Montana Chemical Dependency Center in Butte, and Montana Mental Health Nursing Care Center in Lewistown.

Human & Community Services Division

Primarily through the Human & Community Services Division (HCSD), the MDPHHS administers a number of public assistance programs aimed at helping low-income Montanans move out of poverty and become self-sufficient. These include childcare assistance, Children's Health Insurance Plan (CHIP), energy assistance, food stamps, Medicaid, Special Supplemental Nutrition for Women, Infants & Children (WIC), and Temporary Assistance for Needy Families, and homeless programs.

The mission of the HCSD is to support the strengths of families and communities by promoting employment and providing the assistance necessary to help families and individuals meet basic needs and work their way out of poverty. The HCSD provides cash assistance, employment training, food stamps, Medicaid, childcare, meal reimbursement, nutrition training, energy assistance, weatherization, and other services to help families move out of poverty and toward self-support. The HCSD administers a federal Community Services Block Grant to fund local projects aimed at addressing the causes of poverty and the Emergency Shelter Grant to help local shelters and HRDCs provide lodging for individuals and families who are without, or at risk of being without, housing. The HCSD also provides coordination and support for the Montana Continuum of Care Coalition for the Homeless, the Montana Council on Homelessness, and the tri-state HOPWA program that is funded through HUD’s competitive grant process.

CONSULTATION AND COORDINATION

The MDOC is committed to improving coordination between not only public and private housing entities and social service agencies serving low- and very low-income households, but also between entities addressing non-housing community development needs.

Throughout the year, the MDOC interacts with other agencies and organizations with a commitment to better develop housing and community development strategies. The MDOC maintains its commitment to inform others of their responsibility to participate in

the consolidated planning process and to promote affordable housing, adequate infrastructure, and economic development in local communities. The MDOC supports a broad-based "team" approach to address affordable housing issues through the formation of the **Consolidated Plan Steering Committee** and **Housing Coordinating Team**. The MDOC has also been a long-standing member of the **Water, Wastewater and Solid Waste Action Coordinating Team**, which was formed in 1982 to address infrastructure issues. These committees and groups provide direction and input to the Consolidated Plan.

The **Water, Wastewater and Solid Waste Action Coordinating Team** (W_2ASACT) is a group of professionals from state and federal governments, and nonprofit organizations that finance, regulate, and/or provide technical assistance for infrastructure, principally drinking water and wastewater systems. W_2ASACT currently meets bimonthly to explore and coordinate a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W_2ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, local government representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects.

W_2ASACT subcommittees continue to address issues of community planning and environmental regulation in order to streamline the application and project implementation process for small rural communities. A current goal is to consolidate multiple, separate environmental mandates into one coordinated environmental review process, including the development of a common environmental assessment form that would be accepted by all funding agencies.

Members of the **Consolidated Plan Steering Committee**, with representatives from the HOME, CDBG and ESG Programs, Montana Board of Housing and other Housing Division programs, the Montana Council on Homelessness, and the Montana Home Choice Coalition/A.W.A.R.E., Inc., met during the plan development process to review the status of and provide input to the Consolidated Plan. In addition, other agencies, such as the Montana Departments of Environmental Quality, Natural Resources and Conservation, and Labor and Industry, and the MDPHHS are solicited as needed for input on specific topics contained in the action plan and supporting studies.

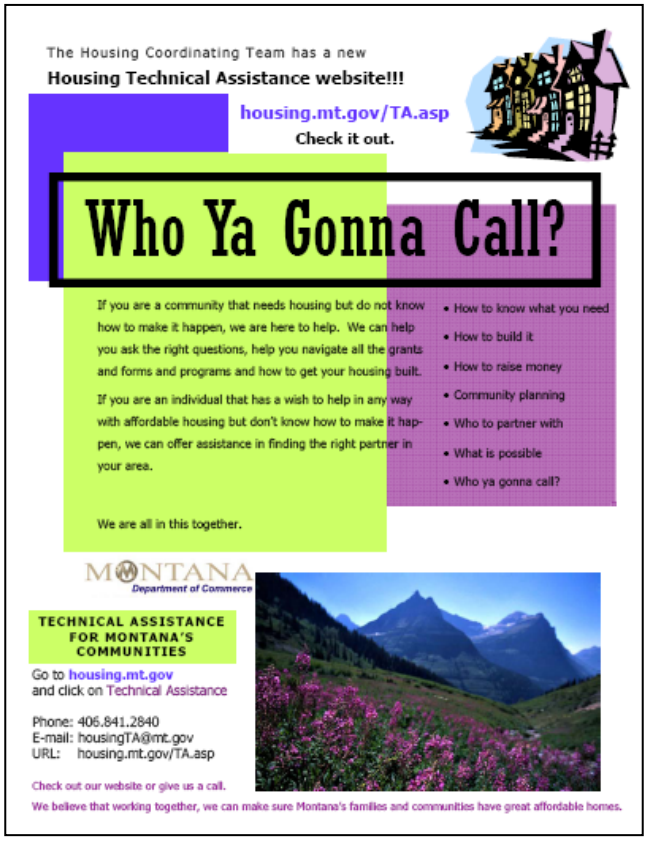
The **Housing Coordinating Team** (HCT) continues to facilitate statewide coordination in the delivery of housing services. Housing policies and housing program responsibilities are divided among a variety of agencies and organizations throughout both state and federal governments. To aid in the coordination and enhancement of program and agency efforts, the MDOC created the HCT. The members represent state and federal housing programs and nonprofit organizations that finance, regulate or provide housing related services. The HCT seeks input from private citizens and local organizations on various housing related topics or situations and will then give assistance and direction, if possible, towards solving these housing problems across Montana.

The goals of the HCT are to increase coordination between the various housing agencies and programs; identify areas where there are impediments to affordable housing development; improve access to housing programs through education, including multi-agency workshops; and improve service delivery to funding recipients. In the past year, the HCT created five workgroups to focus on issues that were repeatedly being discussed at meetings.

http://housing.mt.gov/HCT_main.asp

- The first workgroup continues the work of coordinating audits and physical inspections. In an attempt to coordinate audits and physical inspections, which are required at each property, representatives from each program are working together to reduce duplication of effort. These audits and inspections, slightly different under each program, are an invasive and time-consuming exercise that is required by strict program guidelines. The goal, by streamlining and coordinating efforts between programs, is to save time and money and, most importantly, to lessen the frequency of these invasions of personal space and increase the respect and dignity afforded people who live in affordable housing, where possible.

- The second workgroup developed processes to deliver technical assistance to communities and individuals requiring help with housing and infrastructure issues. A web site was developed, which includes a series of eight steps developed for communities looking for a technical assistance process to initiate a community housing planning process, to establish priorities, to identify projects, and to finalize a housing assistance plan:


The Housing Coordinating Team has a new
Housing Technical Assistance website!!!
housing.mt.gov/TA.asp
Check it out.
Who Ya Gonna Call?
If you are a community that needs housing but do not know how to make it happen, we are here to help. We can help you ask the right questions, help you navigate all the grants and forms and programs and how to get your housing built.
If you are an individual that has a wish to help in any way with affordable housing but don't know how to make it happen, we can offer assistance in finding the right partner in your area.
We are all in this together.
• How to know what you need
• How to build it
• How to raise money
• Community planning
• Who to partner with
• What is possible
• Who ya gonna call?
MONTANA
Department of Commerce
TECHNICAL ASSISTANCE FOR MONTANA'S COMMUNITIES
Go to housing.mt.gov
and click on Technical Assistance
Phone: 406.841.2840
E-mail: housingTA@mt.gov
URL: housing.mt.gov/TA.asp
Check out our website or give us a call.
We believe that working together, we can make sure Montana's families and communities have great affordable homes.

Step 1: Review currents programs

Step 2: Find existing information

Step 3: Meet with TA committee

Step 4: Conduct housing needs survey

Step 5: Prepare feasibility analysis

Step 6: Establish priorities and a plan

Step 7: Apply for funding assistance

Step 8: Re-evaluate process

Similarly, the web site also includes steps developed for individuals, developers, landlords, development agencies, or for-profit or nonprofit corporations looking for a technical assistance process to initiate a housing project:

Step 1: Review currents programs

Step 2: Collect existing information

Step 3: Meet with TA committee

Step 4: Conduct housing needs analysis

Step 5: Prepare feasibility analysis

Step 6: Consult with local officials

Step 7: Apply for funding assistance

Step 8: Re-evaluate process

- The third workgroup researched the need for an online housing locator service, and **MTHousingSearch.com** went "live" in July 2008. The new online service is FREE to renters searching for a place to rent and to rental housing providers listing rental properties.

PRESENTED BY THE MONTANA BOARD OF HOUSING AND THE MONTANA DEPARTMENT OF COMMERCE HOUSING DIVISION
New Resource for Renters and Rental Housing Providers
MTHousingSearch.com
Check out the numerous benefits of this FREE service:
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- The fourth workgroup coordinates efforts to promote housing initiatives at the state and federal levels. The workgroup developed a streamlined list of initiatives that are of concern. Each HCT member individually determines the level of lobbying he/she is able to do according to his/her individual job restrictions. The Federal Initiatives are located on the website, along with a corresponding document of talking points, which can be printed and easily used. For additional information, go to: **http://housing.mt.gov/HCT_WG_housingInitiatives.asp**.

The fifth workgroup gathered data on housing, incomes, units, structures, rents, etc., for each of the 56 counties in the state and coordinated an effort to prepare a "White Paper" on Montana housing needs and to facilitate development of potential policy initiatives to be sure that Montana communities have the legal tools they need to meet affordable housing challenges. The paper describes the current picture of "affordable

housing" in Montana and projects what the housing picture in Montana might be in 2020 if no action is taken. The working group hopes this document will illuminate the problems specifically facing affordable housing in Montana and give communities the reason to begin planning now, realizing and emphasizing that each community will have its own set of problems. For additional information, go to:

http://housing.mt.gov/Includes/HCT/Final_White_Paper.pdf

General information on the HCT is available at: **http://housing.mt.gov/HCT_main.asp**.

In addition, staff from the MDOC and/or the Housing Division regularly attends and participates in meetings held by the **Montana Continuum of Care**, the **Montana Home Choice Coalition**, **NeighborWorks Montana**, **Montana American Indian Housing Task Force**, **Mental Health Oversight Advisory Council,** and the **Montana Council on Homelessness**.

The **Montana Continuum of Care** (MT CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area.

The **Montana Home Choice Coalition** is a coalition of Montana citizens working together to create better housing opportunities for Montana citizens with disabilities. A.W.A.R.E., Inc. coordinates the coalition, which develops new housing and resources directly and in partnership with other entities, provides education, advocacy and housing counseling, and collects data to support its goal of creating better housing choices for Montanans with disabilities.

NeighborWorks Montana (NWMT) is a nonprofit housing provider offering affordable homeownership opportunities to lower income individuals and families around the state. Its partners include the Resource Conservation & Development districts, homeWORD, tribal housing authorities, USDA-RD, HUD, Assiniboine and Sioux Tribal Enterprise, NeighborWorks America, cities of Great Falls and Billings, First Interstate BancSystem Foundation, Heritage Bank, USBank, Wells Fargo Bank, Stockman Bank, Mountain West Bank, Montana Building Industry Association, Montana REALTOR® Association, Career Training Institute, Helena Area Housing Task Force, Human Resource Development Councils, and the MBOH. NWMT and partners also work together support and host the statewide biennial housing conference, which brings together a wide variety of housing professionals.

The MBOH is also a member of the **Montana American Indian Housing Task Force**, made up of representatives from Montana Indian Housing Authorities, state and federal agencies, and private sector lenders. The task force serves to communicate important news and ideas about how to better meet the housing needs of Montana's Native Americans, including helping to design and schedule training sessions at state housing conferences and work with federal agencies in planning workshops and conferences targeted to providing housing in Indian country. The task force was also instrumental in getting most of Montana's reservations qualified for the HUD 184 home mortgage

guarantee program, which subsequently has assisted nearly 200 Indian families with mortgage insurance.

The 1999 Montana Legislature directed the Montana Department of Public Health and Human Services to create the **Mental Health Oversight Advisory Council** (MHOAC). MHOAC provides input to the MDPHHS in the development and management of the public mental health system. MHOAC membership includes consumers of mental health services including those who currently receive or formerly received public mental health services, immediate family members of recipients of mental health services, advocates for consumers or family members of consumers, the public at large, mental health service providers, legislators, housing providers, and MDPHHS representatives.

In response to the growing problem of homelessness in Montana, former Governor Judy Martz issued an Executive Order in June 2004, establishing the **Montana Council on Homelessness**. The MTCoH was structured to establish vital links among the efforts and resources of state and federal agencies, communities, tribes, nonprofits, and others. The MTCoH is charged with developing a 10-year plan to eradicate chronic homelessness in Montana and with addressing this multi-faceted issue through policy, protocols, recommendations for legislation and the creative use of new and existing resources. The MTCoH members came from the public, private, and business sectors as well as state and federal agencies.

On December 21, 2006, Governor Brian Schweitzer signed the Executive Order to continue and amend the Montana Council on Homelessness. This continued the MTCoH until December 2008. Hank Hudson, Administrator of the Human and Community Services Division of the DPHHS and Lieutenant Governor John Bohlinger continue to serve as co-chairs of the MTCoH. The council included a variety of stakeholders chosen from a statewide pool. In view of the need for participation of state agencies, the MTCoH worked with an intergovernmental team on homelessness comprised of the state agencies that provide services to homeless individuals. Additionally, the MTCoH had the latitude to invite representatives of federal, tribal and local agencies to participate on the Intergovernmental team. The first charge of the new MTCoH was to review, revise, adopt, and implement the 10-year plan.

PUBLIC HOUSING INITIATIVES

Fostering Public Housing Resident Initiatives: The state does not have a public housing authority. Public housing authorities are set up under state law at the local level to better meet the needs of the local community. However, the MDOC is committed to improving coordination between public and private entities serving low- and very low-income households. See the previous discussions on the Housing Coordinating Team; the Montana Continuum of Care, Montana Council on Homelessness, and Home Choice Coalition.

The Housing Assistance Bureau of the MDOC contracts with HUD as the statewide PHA using an annual Contributions Contract to provide program administration and services on Section 8 low-income housing programs on a statewide basis. The Tenant

Based Section 8 Program uses 35 local field agents in eleven locations throughout the state to provide field services: issue assistance documents, perform inspections, and examine annual income.

In the event the state is notified by HUD that a public housing agency in Montana is designated by HUD as "troubled", the MDOC will determine if the MDOC can provide assistance to the public housing agency.

XI. IMPEDIMENTS TO FAIR HOUSING CHOICE

In the Fair Housing Act, it is a policy of the United States to prohibit any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. Montana law (Section 49, parts 2 and 4, MCA) also defines illegal housing discrimination and includes age and marital status as protected classes.

According to HUD, impediments to fair housing choice include actions or omissions in the state that constitute violations of the Fair Housing Act. Further, impediments mean actions or omissions that are counter-productive to fair housing choice or that have the effect of restricting housing opportunities based on protected classes.

The MDOC is responsible for:

- conducting the analysis of impediments;
- taking actions to address the impediments within its jurisdiction, and monitoring the results;
- certifying HOME and CDBG grantees affirmatively further fair housing; and
- taking actions to address the impediments within its jurisdiction and monitoring the results of those actions.

However, MDOC lacks the authority to solve these problems alone. The task of eliminating the impediments to fair housing rests on the shoulders of all Montanans.

In 2004, the MDOC updated the *Analysis of Impediments to Fair Housing and Housing Choice* (AI) for Montana's 5-Year Consolidated Plan (April 1, 2005-March 31, 2010). It is available on the web at **http://housing.mt.gov/Hous_CP_AnalysisImpedFrHsg.asp**.

XII. CONSOLIDATED PLAN DEVELOPMENT PROCESS

CITIZEN PARTICIPATION

As part of the plan update, numerous outside agencies and individuals were contacted. These organizations and individuals are encouraged to provide statistics, data, and

other information to aid in preparing the action plan and related studies. The public participation plan is included in **Appendix A**.

The MDOC conducted two public input meetings before the 2009 Annual Action Plan was drafted. The meetings were noticed with general announcements sent to the Consolidated Plan mailing list and general newspaper ads in seven major newspapers (Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, and Missoula). Personal invitation letters to everyone on the Consolidated Plan mailing list living in the areas in which the meetings were being held. Specific newspaper display ads were also placed in regional newspapers for the area in which the meeting was being held. The meeting notices were also posted on the *Discovering Montana* E-Calendar and the Consolidated Plan web page.

On-Site Public Input Meetings			
Whitefish	May 9, 2008	12:00 - 1:30 p.m.	Grouse Mountain Lodge, 2 Fairway Dr.
Great Falls	June 12, 2008	7:30 to 8:10 a.m.	Holiday Inn Great Falls, 400 10th Ave. S

To encourage greater participation and to minimize travel costs for participants, the Whitefish meeting was held during the lunch break for the Low Income Housing Tax Credit program's 2009 QAP Meeting. Similarly, the Great Falls meeting was held in conjunction with the 2008 Montana Statewide Housing Conference.

The draft Consolidated Plan Annual Action Plan for 04/01/2009–03/31/2010 will be released for public comment in October 2008. The public comment period is open through December 31, 2008. Four public review meetings will be held.

On-Site Public Review Meetings			
Glendive	Oct. 15, 2008	12:00 – 1:15 p.m.	EPEC Building, 313 South Merrill Avenue
Billings	Oct. 16, 2008	12:00 – 1:15 p.m.	Best Western Kelly Inn, 4915 Southgate Drive
Missoula	Oct. 29, 2008	12:00 – 1:15 p.m.	Wingate Inn, 5252 Airway Boulevard
Great Falls	Oct. 30, 2008	12:00 – 1:15 p.m.	NeighborWorks Building, 509 1st Avenue South

Meeting notifications are sent to individuals and organizations on the Consolidated Plan mailing list. General display advertisements were placed in the seven key newspapers (Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, Missoula) announcing the comment period, the website address for the draft Action Plan, how to obtain hard copies of the document, where to send written comments, and the date and locations of the public review meeting. Before each meeting, display ads were also placed in regional newspapers for the area in which the meeting was being held. The meeting notices were also posted on the *Discovering Montana* E-Calendar and the Consolidated Plan web page.

In order to maximize participation and minimize travel time and costs, the Consolidated Plan meeting was held over the lunch hour at the free joint housing workshop. Participating agencies for the housing workshop included the MDOC's CDBG and HOME programs, MBOH, and USDA Rural Development. Representatives from each agency presented overviews of their housing programs.

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN

Development of the Action Plan for the plan year beginning April 1, 2009 is partially based on current and past research studies and analyses of housing, infrastructure, and economic development needs, including the *Economic and Demographic Analysis of Montana*.[56] The *Economic and Demographic Analysis* provides current data and analysis for two primary uses: first, for the MDOC in preparing Montana's Consolidated Plan; and second, for communities and other organizations that apply for federal funds from the HOME and CDBG Programs for housing projects, public facilities, and economic development activities. This data may also be useful to other entities in need of statewide or county level analysis of economic, demographic, and housing trends.

The *Montana Housing Resource Directory*[57] includes descriptions of a variety of federal, state, and local housing programs available in Montana. New to the directory last year is a section on "Housing Rights, Fair Housing Advocates, Legal Assistance, and Other Resources". The directory and associated reference guide are meant to provide an overview of the available programs along with contact information.

Go to **http://housing.mt.gov/Hous_CP_HsgEconDemRptsStats.asp** to access the documents and studies prepared or updated in support of the Consolidated Plan and other related documents.

[56] *Economic and Demographic Analysis of Montana*, *Volume I & II*; Montana Department of Commerce, Census & Economic Information Center; December 2007

[57] *Montana Housing Resource Directory*, Montana Department of Commerce, October 2008; **http://housing.mt.gov/Hous_CP_HsgResDir.asp**